

PX 25

1 IN THE UNITED STATES DISTRICT COURT

2 SOUTHERN DISTRICT OF NEW YORK

3
4 SECURITIES AND EXCHANGE)
COMMISSION,)

5 Plaintiff,)

6 v.)

7 RIPPLE LABS, INC., BRADLEY)
8 GARLINGHOUSE, and CHRISTIAN)
9 LARSEN,)

10 Defendants.)
11
12

13 **SUBJECT TO PROTECTIVE ORDER**
14

15 REMOTE VIDEO DEPOSITION OF

16 BREANNE MADIGAN

17 Tuesday, May 18, 2021
18
19
20
21
22

23 Reported by:
24 BRIDGET LOMBARDOZZI,
CSR, RMR, CRR, CLR
25 Job No. 210518LO

1 IN THE UNITED STATES DISTRICT COURT

2 SOUTHERN DISTRICT OF NEW YORK

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4 SECURITIES AND EXCHANGE)
COMMISSION,)

5 Plaintiff,)

6 v.)

7 RIPPLE LABS, INC., BRADLEY)
8 GARLINGHOUSE, and CHRISTIAN)
9 LARSEN,)

10 Defendants.)
_____)

) Case No.

) 20-Civ-10832 (AT) (SN)

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15 Remote Videotaped Deposition of BREANNE MADIGAN
16 taken remotely on behalf of Plaintiff, commencing at
17 10:17 a.m. and ending at 6:52 p.m., EST, on Tuesday,
18 May 18, 2021, before Bridget Lombardozzi, CCR, RMR,
19 CRR, CLR, and Notary Public of the States of New York
20 and New Jersey, pursuant to notice.
21
22
23
24
25

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TARA RAAM, Debevoise & Plimpton

DANNY ORTEGA, Videographer

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1 - - -

2 10:17 a.m.

3 May 18, 2021

4 - - -

5 THE VIDEOGRAPHER: We are now on
6 the record. My name is Danny Ortega and
7 I'm the legal videographer for Gradillas
8 Reporting. Today's date is May 18th,
9 2021, and the time is 10:17 a.m. The
10 video deposition is being held at 919
11 Third Avenue, New York, New York, in the
12 matter of the SEC versus Ripple.

13 The deponent today is Breanne
14 Madigan. All counsel will be noted on
15 the stenographic record. The court
16 reporter today is Bridget Lombardozzi and
17 will now swear in the witness.

18 THE COURT REPORTER: Good
19 morning. My name is Bridget Lombardozzi.
20 I am a Certified Court Reporter, License
21 No. 1201, and a Notary Public in the
22 states of New Jersey and New York. I
23 also hold a nationally recognized
24 certification of Registered Merit
25 Reporter and Certified Realtime Reporter

1 in the United States with NCRA. I am the
2 deposition officer for today's
3 deposition.

4 Before we proceed, I will ask
5 counsel to stipulate on the record that
6 we are proceeding according to Rule 30 of
7 the Rules of Civil Procedure and that
8 this deposition officer may swear in the
9 deponent even though I am not in the
10 physical presence of the deponent, and
11 that there is no objection to that at
12 this time, nor will there be an objection
13 to it at a future date.

14 Let's start with the noticing
15 attorney.

16 MR. TENREIRO: Good morning.
17 This is Jorge Tenreiro on behalf of the
18 Securities and Exchange Commission and we
19 have no objection.

20 MS. ZORNBERG: Lisa Zornberg on
21 behalf of Ripple. No objection.

22 MR. ANELLO: Robert J. Anello on
23 behalf of the witness. No objection.

24 MS. TATZ: Nicole Tatz on behalf
25 of Bradley Garlinghouse. We have no

1 objection.

2 MS. LINSENMAYER: Robin

3 Linsenmayer on behalf of Christian Larsen.

4 No objection.

5 B R E A N N E M A D I G A N,

6 having been duly sworn, was examined and

7 testified as follows:

8 THE COURT REPORTER: Thank you.

9 You may proceed.

10 EXAMINATION

11 BY MR. TENREIRO:

12 Q. Good morning. Please state your name
13 for the record.

14 A. Breanne Madigan.

15 Q. Ms. Madigan, are you represented by
16 counsel today?

17 A. I am.

18 Q. And who is your counsel?

19 A. Morvillo Abramowitz.

20 MR. TENREIRO: Does counsel
21 represent anybody else in connection with
22 this case?

23 MR. ANELLO: No.

24 BY MR. TENREIRO:

25 Q. Ms. Madigan, as you've heard, I'm

1 Jorge Tenreiro. I'll be asking questions on
2 behalf of the plaintiff, Securities and Exchange
3 Commission. My colleagues, Rob Moye and Daphna
4 Waxman, are here and other SEC staff on the
5 phone.

6 Ms. Madigan, have you ever given
7 testimony on the record before?

8 A. No.

9 Q. Okay. So just so that we can be on
10 the same page, you've heard us talk about how
11 the court reporter isn't here. This is on the
12 record. The most important thing is that we try
13 not to speak over each other. I'll try to wait
14 for your answers to finish. If you can let me
15 wait for -- let me finish my questions, that
16 would be helpful.

17 Please give only verbal answers rather
18 than shaking or nodding your head. And never
19 tell me the substance of anything a lawyer told
20 you in answering my questions, please.

21 Is there any reason why you cannot
22 testify truthfully or accurately today?

23 A. No.

24 Q. Ms. Madigan, are you employed?

25 A. Yes.

1 Q. Where are you employed?

2 A. With Ripple.

3 Q. And since when have you been employed
4 by Ripple?

5 A. May of 2019.

6 Q. What is your title at Ripple?

7 A. The global head of institutional
8 markets.

9 Q. Has that always been your title?

10 A. Yes.

11 Q. Okay. What is your salary?

12 A. My base salary is [REDACTED].

13 Q. Do you get a bonus?

14 A. Yes.

15 Q. What is the bonus based on?

16 A. Meeting my OKRs.

17 Q. OKRs? Can you explain --

18 THE COURT REPORTER: I'm sorry.

19 Repeat.

20 THE WITNESS: Sure.

21 A. Meeting my OKRs. That stands for
22 objective and key results.

23 THE COURT REPORTER: And please
24 keep your voice up. It's a little hard to
25 hear you.

1 THE WITNESS: Sorry.

2 Q. Ms. Madigan, who sets your OK -- OKRs?

3 A. A combination of people, including
4 Brad and my direct manager.

5 Q. When you say "Brad," do you mean Brad
6 Garlinghouse?

7 A. Yes.

8 Q. And who is your direct manager?

9 A. Monica Long.

10 Q. Okay. What -- what are your OKRs?
11 What are their measures?

12 A. Things like building liquidity, en --
13 ensuring ODL runs smoothly, enhancing our data
14 and analytics platform.

15 Q. Anything else?

16 A. No, that's the bulk of them right now.

17 Q. When you say "ensuring ODL runs
18 smoothly," can you please explain for the record
19 what you mean by "ODL"?

20 A. Sure. ODL stands for On-Demand
21 Liquidity and that is the flagship software
22 platform run by Ripple for cross-border
23 payments.

24 Q. And when you said "building liquidity"

25 --

1 THE COURT REPORTER: Repeat. Run

2 by Ripple. Repeat.

3 A. ODL is -- stands for On-Demand
4 Liquidity and it is the flagship software
5 platform at Ripple.

6 Q. When you said "building liquidity,"
7 can you explain? Building liquidity of what?

8 A. Yeah. So integral to the ODL platform
9 is XRP, which is used as a bridge asset for
10 cross-border payments. In order for ODL
11 payments to function smoothly, there's a
12 requirement for XRP liquidity to be present.

13 So to give it a little bit more in
14 detail, as an example, clients of the ODL
15 platform may sign up and choose to send money,
16 for example, from the U.S. to Mexico. In that
17 workflow, typically they would have dollars in
18 the originating corridor, which would be the
19 U.S., but ultimately when they want to deliver
20 the payout in the destination corridor, which
21 would be Mexico in that example, they would look
22 for the payout to be in Mexican peso.

23 And so what ODL does is allow the U.S.
24 dollars to move to an originating exchange to be
25 swapped into XRP. The XRP is then sent across

1 border to what we call the destination exchange.

2 In Mexico that's Bitso. And then in Mexico on
3 Bitso, that XRP is swapped into local currency,
4 Mexican peso in that example.

5 And so liquidity is necessary on that
6 exchange for XRP in order for that payment flow
7 I just described to function successfully.

8 Q. Thank you.

9 In the context of the bonus that you
10 might receive if you build liquidity, is the
11 measure of liquidity of XRP vis-a-vis the U.S.
12 dollar, vis-a-vis the U.S. -- the Mexican peso
13 or anything else? What is the -- what is the
14 liquidity measured based on?

15 A. Can I ask you to please clarify your
16 question?

17 Q. Sure.

18 I think you said -- I'm
19 paraphrasing -- your bonus might be based, at
20 least in part, on building liquidity. And I
21 asked you, you know, building liquidity of what
22 and you talked about ODL. You also mentioned
23 two tranches.

24 A. Right.

25 Q. So to the extent that your bonus might

1 be based on building liquidity, can you explain
2 which of the tranches in the ODL platform you're
3 measuring in terms of building liquidity?

4 A. Sure. So all components of building
5 liquidity on the ODL platform are relevant for
6 what I'm focused on.

7 Q. Okay. And are they relevant --

8 THE COURT REPORTER: I can't hear
9 you, ma'am. So all components of building
10 liquidity on...?

11 A. The ODL platform are part of my
12 responsibility.

13 Q. And is your bonus based on all
14 components of the ODL platform?

15 A. Yes, broadly defined, it's building
16 healthy liquidity for XRP.

17 Q. Have you been paid a bonus since you
18 began working at Ripple?

19 A. I have.

20 Q. How many times?

21 A. [REDACTED]

22 Q. And how much have you received in
23 bonus?

24 A. I don't know the exact numbers, but in
25 my first year, between [REDACTED] bonus and

1 [REDACTED] bonus, it was around [REDACTED] worth of
2 U.S. dollars, predominantly paid in XRP. And
3 then more recently [REDACTED] around this
4 year I think about [REDACTED]

5 Q. And what did you do with the XRP that
6 you received as a bonus?

7 A. I sold it.

8 Q. Where did you sell it?

9 A. On Coinbase.

10 THE REPORTER: I can't hear you.

11 On Point B?

12 A. On Coinbase. Maybe I'll move this a
13 little higher.

14 Q. That microphone doesn't -- doesn't
15 speak to her.

16 A. Oh, sorry. Okay. Maybe I'll pull it
17 a little closer.

18 MR. ANELLO: Yeah, that's
19 probably a good idea.

20 THE WITNESS: If I'm not messing
21 up anybody else's wires. Okay. Maybe
22 this will help. Sorry.

23 So my answer was on Coinbase,
24 C-O-I-N-B-A-S-E.

25 BY MR. TENREIRO:

1 Q. Did you sell all of the XRP,

2 Ms. Madigan?

3 A. Yes.

4 Q. Okay. All right. I think you said

5 you reported -- or, well, your manager is

6 Ms. Long?

7 A. Correct.

8 Q. Does anyone report to you?

9 A. Yes.

10 Q. Who does?

11 A. [REDACTED]

12 [REDACTED]

13 MR. TENREIRO: Madam Court

14 Reporter, we can send you those spellings

15 after.

16 Q. What about Mr. Dinuka? I'm not going

17 to say his last name, but --

18 A. Samarasinghe. Yes, he formerly

19 reported to me.

20 Q. Okay. When did he stop reporting to

21 you?

22 A. When he left the company.

23 Q. Which was when?

24 A. I don't recall the exact month.

25 Q. Okay. Was it in 2020?

1 A. I -- yes.

2 Q. How is it that you came to work for
3 Ripple?

4 A. I was recruited by Ripple, first by
5 Miguel Vias and then [REDACTED]

6 Q. Where were you working at the time?

7 A. At [REDACTED]

8 Q. Who did you interview with when --
9 before you came to Ripple?

10 A. Ron Will, [REDACTED]
11 [REDACTED] Miguel Vias, Brad Garlinghouse. Those
12 are all that I remember. It might not be a
13 complete list, but I think that's everybody.

14 Q. That's a lot.

15 What -- what did -- what did these
16 individuals tell you your job at Ripple would
17 be?

18 A. Focused on building liquidity in XRP.

19 Q. What did you do for [REDACTED]

20 A. I was the head of institutional sales
21 and strategy.

22 Q. How long were you there?

23 A. A little over a year.

24 Q. What were you do -- what did you do
25 before [REDACTED]

1 A. I worked at [REDACTED]

2 Q. For how long?

3 A. Almost 15 years.

4 Q. What was your last title at [REDACTED]

5 [REDACTED]

6 A. I was the head of the institutional
7 wealth services business.

8 Q. What were your responsibilities as the
9 head of the institutional wealth services
10 business?

11 A. I was responsible for building a
12 business dedicated to family offices,
13 high-net-worth family offices, who were
14 interested in predominantly private side
15 transactions. So early stage investing in
16 Fintech and other related companies.

17 Q. Did you have any professional
18 experience dealing with digital assets before
19 you worked with [REDACTED]

20 A. No. I just became intrigued by it
21 because some of the clients I was covering were
22 really interested in the space.

23 Q. And "the clients," you mean the
24 [REDACTED] clients?

25 A. Yes.

1 Q. Did you have any experience with
2 Blockchain technology before you worked at

3 [REDACTED]

4 A. No, just research and personal
5 interest.

6 Q. And in terms of helping build
7 liquidity, what experience did you have prior to
8 joining Ripple?

9 A. So in my time at [REDACTED] I was
10 in a number of different roles. Early on I
11 started in the money market sales business,
12 where I spent a couple of years covering asset
13 manager clients, large banks, et cetera. They
14 were predominantly investing in front-end
15 products.

16 And then I moved over to the repo
17 trading desk to build a hedge fund financing
18 business. And there we covered clients for repo
19 investing. And so they would --

20 THE COURT REPORTER: For what
21 investing?

22 THE WITNESS: Repo. R-E-P-O.

23 THE COURT REPORTER: I didn't
24 hear you, that's why.

25 THE WITNESS: No problem.

1 A. And then I also worked in a couple
2 other roles there, partly as the head of -- the
3 COO for global assets business. So in all those
4 roles, there was components of liquidity
5 involved in the markets.

6 Q. Can you briefly describe your
7 educational background?

8 A. Sure. I grew up in Stamford,
9 Connecticut and attended public school there for
10 elementary, middle and high school, and then I
11 went to St. Lawrence University in Canton, New
12 York, where I majored in economics.

13 Q. Okay. I think you -- I think you gave
14 me your title at Ripple. Can you explain a
15 little more, what -- what exactly are your
16 responsibilities at Ripple --

17 A. Sure.

18 Q. -- on a day-to-day basis or --

19 A. Sure. So I think about the -- the
20 team's mandate in a few core buckets. One is
21 market data and analytics. And that is
22 predominantly better understanding what's going
23 on in the crypto markets using publicly
24 available data sources and then any network we
25 have with other market participants.

1 And then the second is liquidity
2 broadly defined. And there's sort of two sub
3 buckets. So liquidity broadly defined in the
4 liquidity partnerships team is really focusing
5 on engaging with market participants, like --
6 like exchanges or lenders or prime brokers
7 around XRP liquidity broadly speaking.

8 And then, specifically, the third
9 bucket is around explicit ODL liquidity, which
10 is something we alluded to earlier around the
11 payment workflow with ODL and ensuring
12 sufficient liquidity in the -- in the corridors
13 where ODL is active.

14 Q. Is there sufficient liquidity between
15 the Mexican peso and XRP without -- is there
16 sufficient liquidity for the ODL product to
17 function?

18 A. So today there -- the product has not
19 had any payment failures in Mexico because of
20 the fact that there is sufficient liquidity on
21 Bitso.

22 Q. And how is the liquidity on Bitso
23 provided? Who provides the liquidity?

24 A. So it's a combination --

25 MS. ZORNBERG: Objection.

1 A. So --

2 THE REPORTER: I'm sorry, what
3 was that?

4 MS. ZORNBERG: Zornberg.
5 Objection.

6 A. Do I continue or no?

7 Q. Yes, please continue.

8 A. Okay. So -- so, yes. The liquidity
9 is provided in multiple ways. So on any
10 exchange, individuals who choose to make markets
11 can onboard themselves to an exchange and become
12 an independent marker maker.

13 There are also market makers that
14 Ripple works with, a -- a couple flagship
15 partners in particular, who also provide
16 explicit XRP liquidity related to the ODL
17 product.

18 Q. On the Bitso exchange, what percentage
19 of the liquidity is provided by the market
20 makers that Ripple works with?

21 A. I don't know the numbers offhand.

22 Q. How -- how would you find out?

23 A. I would probably go to the data team
24 and ask them to look at the trade reports of
25 what -- what trades we send, meaning Ripple,

1 through the ODL platform and then match that up
2 versus a trade report that we would get from the
3 market makers that we employ and look at those
4 against each other and match up what percentage
5 of that flow was managed by the market makers
6 that Ripple works with versus other market
7 participants that Ripple doesn't work with.

8 Q. Before Ripple worked with the market
9 makers, was -- did you -- in the context of your
10 job and building liquidity for ODL and XRP, did
11 you have an understanding as to what the
12 liquidity was for the Mexican peso XRP, you
13 know, trade?

14 A. No. So just to clarify your question,
15 you mentioned before we worked with the market
16 makers with respect to liquidity for ODL. When
17 I came in, the team was already engaged with the
18 market makers around ODL liquidity provision.

19 Q. But you didn't find out just in the
20 context of your employment what the liquidity
21 was for the peso XRP trade, you know, even
22 before the team got engaged?

23 A. I know the team looked at that. I
24 don't recall what it was --

25 Q. Okay.

1 A. -- like before I joined.

2 Q. Okay. Let's get back to that later.

3 MS. ZORNBERG: Just one moment.

4 MR. TENREIRO: Yes.

5 MS. ZORNBERG: I meant to put on
6 the record at the beginning, and do it now
7 for -- just for clarity, that counsel for
8 Ripple, Mr. Larsen and Mr. Garlinghouse
9 have agreed that an objection stated by
10 one defense counsel preserves the
11 objection for all three defendants.

12 MR. TENREIRO: Yes. Thank you,

13 Lisa. Thank you. All right.

14 BY MR. TENREIRO:

15 Q. Let's -- let's get back to your role,
16 Ms. Madigan.

17 Do you have weekly meetings with your
18 team?

19 A. Yes.

20 Q. Who attends --

21 THE REPORTER: Repeat. I can't
22 hear you. Did you what?

23 Q. Did you have weekly meetings with your
24 team?

25 A. And the answer was yes.

1 Q. Who attends the meetings?

2 A. So there are two different weekly
3 meetings. One is my core team, who I mentioned
4 earlier, the people who directly report to me.
5 And then for a long time we had a standing
6 weekly Friday meeting which involved Brad,
7 sometimes Chris, and other members of -- of the
8 leadership team.

9 Q. What was the Friday meeting -- what
10 was the purpose of the Friday meeting?

11 A. The purpose of the Friday meeting was
12 a general update on what's going on in crypto
13 markets, what's going on in XRP, updates on
14 liquidity with respect to ODL, and any other
15 topical issues in the market.

16 Q. You said you had those meetings for a
17 period of time.

18 A. Uh-huh.

19 Q. Does that mean you don't have them
20 anymore?

21 A. We don't have them anymore.

22 Q. What was the period of time, if you
23 can, you know, estimate when -- when that was,
24 when you were having these Friday meetings?

25 A. Yes. It was from the day I arrived.

1 They had been prestanding. And then a couple
2 months ago they were paused. I don't recall
3 exactly when.

4 Q. A couple months ago you said?

5 A. Yes.

6 Q. And amongst the attendees were
7 Mr. Garlinghouse and Mr. Larsen sometimes?

8 A. Yes. So Brad was there pretty much
9 every week. Chris was there every week in the
10 beginning for about the first year or so and
11 then would attend periodically. Other members
12 that I can recall, our -- our -- our former CFO,
13 Ron Will, was my boss for a while. [REDACTED]
14 [REDACTED] our general counsel. More recently
15 Monica, when she took over the team. Sometimes
16 [REDACTED] et cetera.

17 Q. Why did Monica -- you mean Monica
18 Long?

19 A. Yes.

20 Q. Why did Monica take over the team?

21 A. Ron Will left and so the team was
22 reallocated under Monica when she became the GM
23 of the team RippleX.

24 Q. The what? I'm sorry.

25 A. GM, sorry. General manager.

1 Q. GM.

2 A. Uh-huh.

3 Q. You said amongst the things you might
4 have discussed at the Friday meetings when they
5 occurred were what's going on in the crypto
6 market, XRP.

7 When -- did you discuss the price of
8 XRP at those meetings?

9 A. Sometimes. Yeah, amongst other
10 things.

11 Q. Okay. Was the price of XRP important
12 to Ripple at those meetings?

13 A. So it wasn't a focus. I think we
14 consider price as well as volume, spread, a
15 number of metrics, all important components of
16 liquidity overall in assessing market health.
17 So it was one metric we would track in those
18 meetings.

19 Q. But my question was: Was the price of
20 XRP important? Not whether it was a focus, but
21 was it important?

22 MS. ZORNBERG: Objection.

23 A. Important to whom and --

24 Q. To Ripple.

25 A. I can't speak on behalf of Ripple in

1 that regard.

2 Q. Was it important to Mr. Garlinghouse?

3 A. Presumably.

4 MR. BAMBERGER: Objection.

5 THE REPORTER: Who said that?

6 Who said the objection?

7 MR. BAMBERGER: It was Nowell

8 Bamberger for Mr. Garlinghouse.

9 MR. TENREIRO: What's the

10 basis --

11 THE REPORTER: Answer.

12 MR. TENREIRO: What's the basis

13 of your objection, Mr. Bamberger, for the
14 record, please?

15 MR. BAMBERGER: Yes. You're
16 asking the witness to speak about
17 something that's not within her personal
18 knowledge.

19 BY MR. TENREIRO:

20 Q. Did Mr. Garlinghouse ever speak to you
21 about the price of XRP at the weekly meetings on
22 Friday?

23 A. The price of XRP was one thing that
24 was tracked in addition to a number of other
25 liquidity health metrics.

1 Q. Why was the price of XRP tracked?

2 A. As I mentioned, liquidity is -- has a
3 lot of components that are important to assess
4 the health of liquidity. Price is one, spreads
5 are another, overall volume, volatility, et
6 cetera.

7 Q. All right. Let's -- when you
8 interviewed with Mr. Garlinghouse for your
9 employment, what did he tell you your job was
10 going to be at Ripple?

11 A. He told me that my job was going to be
12 the head of institutional markets.

13 Q. What did he tell you your goals were
14 going to be? What did he want to you to do?

15 A. He wanted to help get the ODL product
16 launched and scaled and ensure that XRP
17 liquidity was functioning healthfully and
18 smoothly.

19 Q. Why did he want that?

20 A. When I joined, it was at the start of
21 --

22 MR. BAMBERGER: Objection.

23 A. I'm sorry.

24 Q. Did he tell you why he wanted that?

25 THE COURT REPORTER: Excuse me.

1 Who said the objection there?

2 MR. BAMBERGER: Sorry. I don't
3 know if you're able to -- I assume you're
4 able to see me. This is Nowell --

5 THE COURT REPORTER: Hold on.
6 Okay. Okay.

7 (Whereupon, the record was read
8 back.)

9 Q. Yeah. Let me go back. Sorry.

10 A. Sorry. No problem.

11 Q. We were discussing what
12 Mr. Garlinghouse might have told you during his
13 interview of your for your job. You said, "He
14 wanted to help get the ODL product launched and
15 scaled and ensure the XRP liquidity was
16 functioning healthfully, fully and smoothly."

17 And did he -- my question is, did he
18 tell you why he wanted that?

19 A. I don't recall.

20 Q. Okay. We've been discussing -- we've
21 used the word "liquidity" a number of times this
22 morning. So just so that we're on the same
23 page, can you please explain for the record,
24 what does the term "liquidity" mean for you?

25 A. Yes. So "liquidity" is a broad term

1 that reflects the overall health of the way a
2 given aspect is trading. So there are many
3 aspects of liquidity. One is volumes, breadth
4 of the market, meaning how -- you know, where is
5 it traded? On a lot of platforms or few -- very
6 few platforms? What type of spreads is it
7 trading at? Meaning, you know, the distance
8 between the bid and the ask, is it narrow? Is
9 it wide? Volatility. So how -- how much does
10 the -- does the asset move in a given window of
11 time?

12 There are a lot of different
13 components to understanding liquidity in the
14 markets.

15 Q. So you mentioned volume, breadth,
16 spreads, volatility. Any other -- any other
17 that come to mind?

18 A. Yeah. So you would look at price as
19 it relates to some of those. So spread, for
20 example, that I mentioned is the distance
21 between the price for the bid and the price for
22 the ask. And so the difference between those
23 two prices is an indicator of liquidity health
24 or lack thereof as well.

25 Q. Generally speaking, does the -- does

1 liquidity involve the ease with which you could
2 buy or sell an asset?

3 A. Yeah.

4 Q. Does it -- does it involve the effects
5 that selling or buying the asset might have on
6 the price?

7 A. Yes.

8 Q. So if an asset is more liquid, some
9 buys or sells might have less effect on the
10 price, is that correct? Generally speaking.

11 A. Generally speaking.

12 Q. Just from your experience?

13 A. I think that's fair. Okay.

14 Q. Is another way to think about
15 liquidity in addition to the things you've
16 mentioned, you know, the existence of ready and
17 willing buyers and ready and willing sellers?

18 A. I think that's fair.

19 Q. Okay. Does -- is liquidity something
20 that you've wanted to achieve with respect to
21 the XRP market?

22 A. Yes.

23 Q. Why?

24 A. Mainly focused on ensuring the smooth
25 operation of the ODL product that we've

1 discussed.

2 Q. And when it was not mainly, for what
3 other reasons?

4 A. No, it was really that.

5 Q. That was the only reason --

6 A. Yeah.

7 Q. -- the ODL -- the ODL's smooth
8 operation?

9 A. The ODL platform was a primary focus.

10 Q. So what was -- if there was a focus
11 that was not the primary focus, can you tell me
12 what that was, please?

13 A. So liquidity overall is impacted by,
14 as I mentioned, you know, the breadth and the
15 number of platforms it's traded on. So an
16 example would be if there -- if there was an
17 exchange where XRP is traded, but it's not an
18 explicit ODL exchange, even though it's not
19 necessarily involved in a given ODL transaction,
20 XRP's liquidities on that exchange impacts XRP's
21 liquidity overall. And so where it's not as
22 explicit, the relationship between the ODL and
23 the given exchange --

24 Q. So -- so, in other words, I'm just
25 paraphrasing, you might want to have XRP in

1 another exchange that doesn't do ODL because
2 that affects the liquidity --

3 THE COURT REPORTER: Excuse me.

4 You're going to have to slow down. So, in
5 other words?

6 Q. So, in other words, I'm going to
7 paraphrase, but you might want to have -- is it
8 fair to say that to achieve your -- you know, to
9 carry out your duties, you might want to have
10 XRP listed on an exchange even if it's not an
11 ODL exchange because that might positively
12 impact the liquidity of XRP?

13 A. That's fair.

14 Q. And you -- just to be clear, you
15 wanted there to be more liquidity for XRP in the
16 market. Is that fair?

17 A. Bet -- better liquidity for XRP in the
18 market would ensure smoother operations for ODL.

19 Q. So you wanted there to be more
20 liquidity for XRP in the market. Is that fair?

21 A. Fair.

22 Q. Okay. If the market -- in your
23 experience, if the market for an asset is
24 illiquid, does that potentially affect its price
25 in a negative way?

1 THE COURT REPORTER: Repeat.

2 Q. In your experience, if the -- if the
3 market for an asset is illiquid, does that
4 affect the price of the asset in a negative way?

5 A. So liquidity can be impacted whether
6 the price is going up or the price is going
7 down. It's not really correlated to the
8 direction. A lack of liquidity means, you know,
9 for example, if on an order book there was a
10 drastic movement up or down and people pulled
11 their bids and offers and there isn't deep
12 liquidity on the order book -- meaning
13 significant buyers, significant sellers -- that
14 would be an example of where liquidity can dry
15 up, but it's not tied to one direction of price
16 movement.

17 Q. All right. So we've mentioned XRP a
18 number of times and I want to have just a
19 foundation and a clear record.

20 What is XRP?

21 A. XRP is a digital asset used as a
22 bridge currency in cross-border payments.

23 Q. How does XRP --

24 THE COURT REPORTER: Repeat.

25 THE WITNESS: The question or the

1 answer? I'm sorry.

2 THE COURT REPORTER: The answer.

3 THE WITNESS: Sure. XRP is a
4 digital asset used as a bridge currency.

5 BY MR. TENREIRO:

6 Q. How does XRP fit into Ripple's
7 business model?

8 A. XRP is used as the bridge currency
9 between the two fiat currencies' legs in the ODL
10 transaction. The example I described earlier
11 with Mexico is a good example of how something
12 originating perhaps in the U.S., as U.S.
13 dollars, would be swapped into XRP as that
14 bridge currency is then sent cross border and
15 then it is swapped into the local currency, the
16 destination currency, where the payout occurs.

17 Q. In addition to that description, does
18 Ripple -- when you arrived at Ripple in -- I'm
19 sorry, you arrived at Ripple when?

20 A. In May of '19.

21 Q. Okay. When you arrived in Ripple in
22 May of '19 --

23 THE COURT REPORTER: I'm sorry.

24 I only heard in May of '19.

25 THE WITNESS: That was when I

1 arrived at Ripple.

2 THE COURT REPORTER: I only
3 heard in May of '19.

4 MR. TENREIRO: That's all she
5 said.

6 THE COURT REPORTER: Do you mean
7 2019?

8 THE WITNESS: Yes.

9 MR. TENREIRO: That's all she
10 said.

11 THE COURT REPORTER: Thank you.

12 BY MR. TENREIRO:

13 Q. Ms. Madigan, when you arrived in
14 Ripple in May of 2019, did Ripple sell XRP into
15 the market?

16 A. Yes.

17 Q. Did Ripple sell XRP in May of 2019 to
18 ODL customers?

19 A. I don't recall. I don't think so
20 because it was just getting launched as I was
21 arriving.

22 Q. And why did Ripple sell XRP into the
23 market in May of 2019?

24 A. When I arrived, there were something
25 called programmatic sales.

1 Q. Can you please explain what are
2 programmatic sales?

3 A. Yes. So programmatic sales are where
4 Ripple worked with market makers to sell XRP
5 into the market on exchanges and other
6 platforms.

7 Q. What involvement, if any, did you have
8 with Ripple's programmatic sales?

9 A. Not very much except that -- because
10 it was already in existence when I joined. But
11 I do recall a meeting where we were -- me and my
12 team were involved in looking at different
13 volume benchmarks that were available to the
14 industry with respect to overall crypto trading
15 volumes and looking for a reliable -- the most
16 reliable available source of volume data, which
17 at the time was [REDACTED] or crypto
18 from [REDACTED] to [REDACTED]

19 THE COURT REPORTER: I -- repeat
20 the last part.

21 THE WITNESS: Sure. We were -- I
22 was involved in looking for a -- the most
23 reliable source of industry -- crypto
24 industry volume data, which was -- we were
25 assessing [REDACTED] and [REDACTED]

1

2 BY MR. TENREIRO:

3 Q. Ms. Madigan, at the time you arrived
4 at Ripple in May of 2019, what were Ripple's
5 revenues from the ODL product?

6 A. I do not know.

7 Q. Did you know back then?

8 A. No.

9 Q. Okay. Do you know now?

10 A. I do not know.

11 Q. At the time you arrived at Ripple in
12 May of 2019, where did Ripple get the money to
13 fund its operations?

14 A. I -- I know that XRP sales were a part
15 of that, but I don't have the intri --
16 intricacies of the financial, an accounting of
17 the company.

18 Q. Well, I don't think we need an
19 accounting, but did you -- you know, in May of
20 2019 or before you started at Ripple, did you
21 discuss with anyone, you know, how does this
22 company pay for the business that it runs?

23 A. My understanding was that XRP sales
24 were a part of that, but as I said, I don't know
25 the intricacies of what other sources of funding

1 the company had other than I know that they had
2 raised capital on the open markets in some
3 capacity as well.

4 Q. And to the extent that your
5 understanding was that XRP sales were a part of
6 that, how did you derive that understanding?

7 A. My boss at the time was Ron Will. I
8 believe he shared that with me.

9 Q. Have you -- in -- in the context of
10 programmatic sales that we were discussing a
11 moment ago, who buys XRP from Ripple?

12 And I apologize for my voice being so
13 loud. I just want to make sure she hears it.

14 A. No problem. I understand.

15 Q. I really apologize.

16 A. That's okay.

17 Q. Who buys XRP from Ripple in the
18 context of programmatic sales?

19 A. So to be clear, because Ripple doesn't
20 have --

21 MS. ZORNBERG: Just one second.

22 Objection to the use to the use of present
23 tense.

24 THE COURT REPORTER: "Objection
25 to the use of"? I can't hear you.

1 MS. ZORNBERG: Present tense.

2 Zornberg.

3 BY MR. TENREIRO:

4 Q. Let me start again. Thank you.

5 When you arrived at Ripple, when you
6 arrived at Ripple, to the extent you knew about
7 programmatic sales, who was buying XRP from
8 Ripple in programmatic sales?

9 A. Sure. So the one point of
10 clarification I wanted to make is that Ripple
11 does not have a trading desk and so Ripple
12 relies on third parties for its programmatic
13 sales; namely, market makers. And, in
14 particular, my recollection is that GSR and
15 [REDACTED] were both managing those sales of
16 XRP.

17 Q. GSR and [REDACTED] were serving as
18 intermediaries between Ripple and the market, is
19 that correct?

20 A. I think that's a fair term, although I
21 don't know what -- yeah, what you'd call them,
22 but they managed the sales of the XRP because
23 Ripple couldn't sell directly.

24 Q. Okay. And who did GSR and
25 [REDACTED] sell the XRP to?

1 A. I believe they sold it on a number of
2 exchanges, but I don't know the names of those
3 or how or which ones.

4 Q. Okay. And do you know who they sold
5 them to on these exchanges?

6 A. Are you -- are you asking who the
7 exchange's clients were?

8 Q. Yeah. Who bought the XRP?

9 A. I do not know.

10 Q. Okay. Did you hear of any
11 restrictions that Ripple imposed on GSR or
12 [REDACTED] in terms of the identities of the
13 people to whom they might sell XRP on behalf of
14 Ripple to?

15 A. None that I'm aware of.

16 Q. Okay. Have you heard of a term --
17 have you heard of the term "OTC sales"?

18 A. I've heard of the term.

19 Q. What does that term mean to you in the
20 context of your employment at Ripple?

21 A. Not very much because it was done
22 before my time with the exception of one client,

23 [REDACTED]

24 Q. What's [REDACTED] -- what or who is [REDACTED]?

25 A. Yeah. So I -- I don't know them

1 intimately, but I can -- they are a company
2 based in Asia. I know that they were an
3 investor in Ripple, I believe in the Series B,
4 and they had a long-standing relationship with
5 Ripple -- have a long-standing relationship with
6 Ripple to my knowledge. And there was an
7 outstanding contract that was executed long
8 before I joined that still was maintained after
9 my join date around OTC sales.

10 Q. And you had some involvement --

11 THE COURT REPORTER: "After my
12 join date"? I can't -- you're dropping
13 your voice at the end. I can't hear it.

14 A. That [REDACTED] contract for OTC sales was
15 maintained after I joined.

16 Q. And what involvement, if any, did you
17 have with [REDACTED] contract?

18 A. So none in the originating contract,
19 which, as I mentioned, was executed before my
20 time. I don't know if it was years before or
21 when before, but I did have involvement when --
22 when it was brought to my attention that part of
23 this legacy contract entailed very large
24 quantities of XRP being delivered to [REDACTED], who
25 was then apparently immediately selling it.

1 Q. Okay. Did you have any other
2 involvement with OTC sales other than [REDACTED]?

3 A. No.

4 Q. Okay.

5 A. None that I recall.

6 Q. All right. We'll get back to that.

7 So in the context of -- I think you
8 mentioned that Mr. Will told you that, you know,
9 Ripple in part funded its operations, at least
10 in part, by selling XRP, is that correct?

11 A. Yes.

12 Q. Do you recall in what context he told
13 you that?

14 A. No.

15 Q. In the context of Ripple selling XRP
16 to fund its operations, does a higher price of
17 XRP benefit Ripple?

18 THE COURT REPORTER: Repeat that,
19 please. You're talking too fast.

20 Q. In the context of Ripple selling XRP
21 to fund its operations, does a higher price of
22 XRP benefit Ripple?

23 A. In the context you described, I
24 suppose a higher price could be helpful if it's
25 funding operations.

1 Q. Okay. Was it part of your job at
2 Ripple to try to lower the volatility of the
3 X -- of the price of XRP?

4 A. There was -- there wasn't an attempt
5 to control the volatility, if that's what you
6 mean, but -- but if you're talking about
7 liquidity --

8 Q. I'm sorry.

9 A. Okay.

10 Q. Did you say there was or there was
11 not?

12 A. There was not.

13 Q. There was not. Okay. Go on.

14 A. But we would -- but we would measure,
15 as I mentioned earlier, many attributes of
16 liquidity and volatility as one of those in
17 addition to a number that we've discussed in the
18 past.

19 Q. Thank you. And I didn't mean to say
20 "control." If I did, I apologize.

21 My question was more, you know, was it
22 something you desired, to have less volatility
23 in the price of XRP?

24 A. Not necessarily, no.

25 Q. Why not?

1 A. There -- there were no specific
2 objectives around volatility. It was something
3 that we would observe as part of our assessment
4 of overall liquidity and health of XRP.

5 Q. Was it part of your job to try to
6 improve the price of XRP in the market?

7 A. No.

8 Q. Why not?

9 A. That was never an objective. We were
10 focused on liquidity.

11 Q. Okay. How much XRP was in circulation
12 when you began working at Ripple?

13 A. I don't recall exactly.

14 Q. How much XRP existed at the time you
15 joined Ripple?

16 A. Well, 100 billion at inception, so
17 something less than that because there was some
18 small burn. But, yeah, I don't know the exact
19 numbers.

20 Q. So approximately 100 billion?

21 A. Something slightly less than that.

22 Q. Who holds most of the XRP today?

23 A. I don't know exactly Ripple's
24 holdings, but roughly half and then the rest is
25 in the market, various holders.

1 Q. Does that include the -- when you say
2 "the rest is in the market," are you including
3 amounts held by certain of Ripple's founders?

4 A. I don't know the exact holdings of
5 individuals. So I -- there are many market
6 participants who hold XRP outside of Ripple.

7 Q. I just wanted to -- thank you. I just
8 wanted to clarify. When you said "roughly
9 half," are you -- when you say "roughly half,"
10 are you just talking about Ripple's holdings or
11 are you including the founders of that number?
12 In which of the two buckets are you including
13 whatever the founders own?

14 A. I'm talking about -- again, I don't
15 know the exact numbers, but roughly my
16 understanding is Ripple has about half of the
17 XRP outstanding.

18 Q. Okay. And just to see if I can get an
19 answer. When you said "Ripple" in that answer,
20 does that include Ripple's founders or just
21 Ripple the company?

22 A. I don't believe it includes the
23 founders, but I'm not sure.

24 Q. Okay.

25 MR. TENREIRO: Can we start with

1 Exhibit 1, please? So we've premarked the
2 exhibit, as I think counsel knows, since
3 the court reporter isn't here.

4 (Whereupon, exhibit is presented
5 and marked SEC Madigan Exhibit 1 for
6 identification.)

7 MR. TENREIRO: So here's a copy
8 for Ms. Madigan --

9 THE WITNESS: Thank you.

10 MR. TENREIRO: -- and one for
11 counsel. And we have three more. And I
12 believe Dugan, I believe, is going to
13 e-mail. Ladan is also sharing them.

14 BY MR. TENREIRO:

15 Q. So for the record this has been
16 premarked as BM-1. The Bates number is RPLI_SEC
17 312351. It's a two-page e-mail. Please take a
18 chance to read -- please take a moment to read
19 the e-mail.

20 (Pause)

21 Q. Have you had a chance to look at the
22 e-mail, Ms. Madigan?

23 A. I have.

24 Q. Okay. Do you see -- do you have any
25 reason to believe you did not send the e-mails

1 reflected here?

2 A. No.

3 Q. There is a reference in the subject
4 line to "Xpring." Could you please say how you
5 pronounce "Xpring"?

6 A. Spring.

7 Q. Okay.

8 MR. TENREIRO: So just for the
9 court reporter, this might be challenging,
10 but, you know, we're going to be saying
11 "spring," but they actually spell it
12 "Xpring" to be clear for the record.

13 Q. Ms. Madigan, who is Ethan -- is it
14 Beard?

15 A. Beard.

16 Q. Who is he?

17 A. Ethan is a former employee who ran the
18 group called Xpring.

19 Q. And what was Xpring --

20 A. Xpring --

21 Q. -- or what is Xpring?

22 A. Yeah. Xpring was primarily focused
23 on -- again, I -- I should clarify that I
24 obviously don't run that team and am not
25 intimately aware of Ethan's mandate, but broadly

1 my understanding is that Ethan's team is focused
2 on working on new use cases, supporting
3 companies that were looking at new use cases, et
4 cetera.

5 Q. To the extent you know, how does --
6 how does -- I'm sorry.

7 Is -- is Xpring something that still
8 exists or that no longer exists?

9 A. So after Ron Will and Ethan left
10 around the same time, both the former Xpring
11 team and the markets team were moved under
12 Monica Long in a newly formed group called
13 RippleX.

14 Q. So let's focus on Xpring then before
15 RippleX.

16 How did Xpring support companies that
17 were looking at new use cases? I assume you
18 mean new cases for XRP?

19 A. Correct.

20 Q. How did -- how did the group do that?

21 A. Again, I'm not intimately familiar,
22 but I can give you my broad understanding --

23 Q. Sure.

24 A. -- which is that they -- that they
25 worked with -- I know there was, for example,

1 like a company that was using XRP for I think
2 music sales. There was a company that was using
3 XRP for gaming and what have you. And I believe
4 that our employees of Xpring were working with
5 those companies. I don't know exactly in what
6 capacity or how.

7 Q. Did the support for these companies
8 include giving XRP or selling or getting XRP to
9 these companies?

10 A. So that -- when I -- when I read this
11 e-mail, it refreshes my memory that I was under
12 the impression that they were using XRP or had
13 the potential to use XRP as part of their
14 mandate.

15 Q. Was that impression incorrect?

16 A. No, I believe it's correct.

17 Q. Okay.

18 A. Yeah.

19 Q. So the e-mail on July 10th, 2019, you
20 write to Ethan, the second sentence, you say
21 "XRP" market -- "markets team are looking to
22 streamline Ripple's distribution of XRP into the
23 markets as best as possible."

24 Can you explain what you mean by
25 "looking to streamline Ripple's distribution of

1 XRP" --

2 A. Yes.

3 Q. -- in that context?

4 A. Yes. So when I came in, I remember
5 trying to get a handle on where XRP was being
6 used, how, by what groups, because obviously, as
7 you can tell, there's different business units
8 within Ripple and I'm not intimately familiar
9 with what each group is doing.

10 But as we talked about with the
11 mandate of helping support XRP liquidity and
12 ensuring that ODL would function smoothly, I
13 thought it was important to understand what
14 other groups within Ripple, to the best of my
15 ability, were using XRP and how so that we had a
16 big -- a more complete picture.

17 Q. And did you arrive at that complete --
18 at that picture?

19 A. Not exactly.

20 THE COURT REPORTER: Repeat.

21 Repeat the question.

22 Q. Did you arrive at that more complete
23 picture?

24 A. Not exactly. I don't think I'd call
25 it a complete picture, but in talking to Ethan,

1 I learned a little bit more about what his group
2 was doing. And sometimes their -- my
3 understanding was that sometimes their
4 partnerships with these companies would involve
5 leveraging XRP.

6 Q. What do you mean by "leveraging XRP"?

7 A. So it could have been in a loan form.
8 It could have been in a sale form. Again, I'm
9 not intimately familiar.

10 Q. Who is familiar with that?

11 A. Probably Ethan and perhaps others.

12 Q. Okay. Did the leveraging of XRP
13 include the ability of these companies to sell
14 XRP?

15 A. Potentially, yes, which is why it was
16 interesting to understand how much was being
17 used and in what capacity and if they were
18 selling it or using it in their platforms in
19 different ways.

20 Q. And why -- why did you care about that
21 from the perspective of your job?

22 A. So as I mentioned, when we look at
23 liquidity, there's -- if there's large order
24 flow in one direction or another, buy or sell,
25 that can sometimes disrupt liquidity. And

1 when -- if people take large orders and sell it
2 all at once, it can, you know, end up resulting
3 in dried-up liquidity on the order books.

4 Q. Can you please explain? How does --
5 how does -- how does that work?

6 A. Sure. So when there's large movements
7 in one direction, up or down, I talked about,
8 you know, spreads and depth of order book. And
9 that -- that refers to how -- how many buyers,
10 how many sellers. You know, at what -- you
11 know, for example, you could say there's --
12 there's ten buyers, there's ten sellers, but
13 maybe the ten sellers might have -- be willing
14 to sell five million; the buyers might be
15 willing to sell -- willing to buy 100 million.

16 When there's -- when there's good
17 balance in the order book in terms of buys/sells
18 and there's tighter spreads, that tends to be
19 helpful for liquidity overall generally
20 speaking. And so when you see very large
21 one-directional trades, sometimes market makers
22 will pull bids and offers because they want to
23 wait to see where the market settles and that
24 can disrupt liquidity specifically in the
25 example I mentioned earlier around ODL. So if

1 liquidity dried up, for example, on Bitso
2 abruptly, that could risk a payment failure for
3 ODL.

4 Q. The market makers that Ripple engaged
5 for ODL were providing liquidity for ODL, were
6 they not?

7 A. They were.

8 Q. Okay. You talked about large
9 movements in one direction up or down at the
10 beginning of your answer.

11 Can you explain what you mean by that?

12 A. Yes. So if there's a very large sell
13 order or a very large buy order, it can move the
14 market in one direction or another.

15 Q. Do you mean the price of the -- of the
16 asset?

17 A. Yes.

18 Q. And how does that affect liquidity?

19 A. So in the way that I just described.
20 So if -- if the -- if there's a large trade in
21 one direction or another, it can dry up
22 liquidity more quickly.

23 Q. So to the extent that there was a
24 large trade in one direction or another, part of
25 your -- part of your objectives were to avoid

1 that?

2 A. I wouldn't say an objective was to
3 avoid that, but I wanted to be aware of what
4 supply was being introduced and how so that it
5 would help me understand market dynamics better.

6 Q. And were you concerned that a lot of
7 sell orders in the market would depress the
8 price of XRP?

9 A. I wasn't concerned about the effect on
10 the price of XRP. I was concerned about the
11 effect of liquidity in XRP.

12 Q. Were you -- were you concerned about
13 the volatility in the market?

14 A. It was something we monitored.

15 Q. Were you concerned about the
16 volatility when you monitored it?

17 A. I wouldn't say concerned, no. I would
18 say we monitored it.

19 Q. For what purpose?

20 A. As I mentioned, volatility is just one
21 of many metrics that you track in order to
22 better understand liquidity and overall market
23 health in a given asset.

24 Q. Okay. You -- going back to the e-mail
25 which is Exhibit 1, you say, "As you are likely

1 aware, we currently leverage a few market makers
2 partners" -- I'm going to skip through it -- "to
3 manage our programmatic liquidation." And then
4 at the end it says "essentially, slowly selling
5 XRP as a fixed percentage of overall market
6 volumes to minimize our impact on the market."

7 A. Uh-huh.

8 Q. What did you mean by "impact on the
9 market"?

10 A. So, again, this -- this is referring
11 to programmatic sales and programmatic sales
12 were designed -- again, before my time, but the
13 general gist was to sell a small amount over a
14 period of time and to -- and the objective was
15 that -- that the -- there wouldn't be -- we'd
16 minimize the amount of market impact on -- by
17 doing so.

18 Q. But market impact -- can you be more
19 specific on what you mean by "market impact"?
20 What measure are you -- are you looking at?

21 A. Well, we're looking at liquidity
22 overall. So market impact, we've talked about
23 many metrics. You look at price. You look at
24 volatility. You look at volumes. You look at
25 how it's trading. So there's many different

1 things you would look at to assess market
2 impact.

3 Q. And it was your understanding or
4 belief that if Ripple sold more XRP, that would
5 hurt the liquidity of the market?

6 A. Potentially.

7 Q. How -- how could it potentially?

8 A. If there's a large quantity in one
9 direction, buy or sell, that tends to be
10 disruptive to liquidity.

11 Q. And this is because of what again?

12 A. Okay. So maybe I can use the order
13 book example again if that's helpful.

14 Q. Yeah.

15 A. Yeah. So when -- an order book is
16 made up of a series of buys and sell orders and
17 a number of market participants typically. So
18 when there is a significant movement in one
19 direction, up or down, in an asset, it can --
20 sometimes market makers or market participants
21 on the order book will get spooked or decide to
22 pull because they want to see -- "pull" meaning
23 pull out their bids and their offers -- because
24 they want to see what happens when the market
25 settles in.

1 So another thing that people talk
2 about when thinking about liquidity overall is
3 the concept of resiliency, which is like --

4 THE COURT REPORTER: Excuse me.

5 Please slow down. You're talking too
6 fast.

7 THE WITNESS: Sorry.

8 A. Another thing that people talk about
9 is market resiliency as part of measuring
10 overall liquidity health. And that really
11 refers to, you know, if you have a market shock
12 event, for example, how quickly does the order
13 book normalize? You know, if you have something
14 dramatic happen, you know, you talk about like a
15 Black Thursday or whatever, "resiliency" is a
16 term you'll often hear people looking at in the
17 market. And that reflects how quickly after a
18 market shock or a significant one-way move does
19 the market order book return to normal?

20 Q. Did you -- so here -- is it fair to
21 say -- okay.

22 So is it fair to say that you wanted
23 to sell the XRP in a way that minimized any
24 impact on the liquidity of the markets?

25 A. So here, if you're referring to the

1 e-mail --

2 Q. Yes.

3 A. Yeah. So what I was trying to do was
4 better understand how the XRP was being used
5 with Ethan and his organization.

6 Q. And was one of the reasons for that so
7 that you could make sure that XRP's use in that
8 context minimized -- you know, the impact of
9 its -- minimized the impact in the market?

10 A. My objective was primarily to
11 understand how Ripple was leveraging its XRP
12 across the organization and then to synthesize
13 that information to better understand where it
14 was being used and how and then think about that
15 in the context of our goals around liquidity
16 management.

17 Q. The next line says that you wanted to
18 "explore the idea of offering programmatic
19 liquidation as part of the XRP you/your team use
20 to make investments in ecosystem port co's,"
21 which I assume means portfolio companies, is
22 that correct?

23 A. Yes.

24 Q. Okay. Can you explain -- is it fair
25 to say that you were thinking about perhaps

1 having the market makers, such as GSR that you
2 used for programmatic liquidation, assist the
3 portfolio companies in Mr. Beard's, you know,
4 ecosystem sell their XRP?

5 A. So one of the things that I wanted to
6 --

7 MS. ZORNBERG: Objection to form.

8 A. Okay. One of the things --

9 THE COURT REPORTER: Who was
10 that? Who was that?

11 MS. ZORNBERG: Zornberg.

12 A. One of the things that I wanted to
13 understand in this proposed conversation with
14 Ethan was how are the related companies that
15 he's working with using or managing the XRP?

16 So, for example, are they -- are they
17 using it within their platforms? I mentioned,
18 you know, top of line, but I don't remember the
19 exact names, say gaming or, you know, music or
20 whatever these's apps were they were developing,
21 were they using the XRP within the app or were
22 they just taking the XRP and selling it to fund
23 their operations? I was trying to figure out
24 how it was being used and in what capacity.

25 Q. Did you come to learn whether any of

1 these companies were selling their XRPs to fund
2 their operation?

3 A. I don't recall specifically.

4 Q. And where -- where would I have to
5 look to sort of refresh your memory as to
6 whether you came to learn that?

7 A. Probably Ethan or somebody in Xpring.

8 Q. Did you -- okay.

9 Did you come to have any concerns that
10 companies that Xpring was working with were
11 selling XRP into the market?

12 A. I recall relaying to Ethan generally
13 that if there were companies whose intention it
14 was to sell large quantities of XRP, that we
15 should have a discussion around it because it
16 could be disruptive to market liquidity.

17 Q. And did you ever learn that any
18 company --

19 A. I don't recall ever making these types
20 of introductions. I think we had this -- I
21 remember we had this introductory call where I
22 explained where I was coming from, but I don't
23 remember if there was explicit introductions
24 made with any of the portfolio companies or
25 otherwise.

1 Q. Did any of the Xpring companies sell
2 large amounts of XRP into the market?

3 A. I'm not sure.

4 Q. That -- that wouldn't have been
5 something that you learned in the context of you
6 managing the liquidity of the market?

7 A. Well, I didn't manage the liquidity of
8 the market --

9 Q. Fair enough.

10 A. -- just to be clear.

11 Q. Fair enough.

12 That -- that is not something you
13 would have learned in the context of knowing
14 about the liquidity of the market?

15 A. So my interest, as I mentioned in even
16 having this outreach, was to better understand
17 what those companies that Ethan was engaging
18 with were doing with the XRP.

19 Q. Right.

20 And so my question was, did -- in that
21 context, did you -- did any of -- can you tell
22 me if any of the companies, the Xpring
23 companies, sold large amounts of XRP into the
24 market?

25 A. Right. So I -- I don't recall

1 offhand.

2 Q. Okay. So who -- who would know the
3 answer to that question or where is the answer?

4 A. Like -- likely Ethan.

5 Q. Okay. Did you ever have the market
6 making partners that Ripple used for its
7 programmatic liquidation sort of partner up with
8 the Xpring companies to help them manage their
9 own liquidation of XRP to the extent they did
10 that?

11 A. Yes. I remember --

12 MS. ZORNBERG: Objection.

13 Objection to the term "Xpring companies."

14 Go ahead.

15 THE WITNESS: Okay.

16 MS. ZORNBERG: That was Zornberg.

17 A. I -- I remember discussing this idea
18 with Ethan, that if there were companies who
19 were going to sell large amounts or weren't
20 using it within the platform, that this was
21 something that we could explore, but I don't
22 recall ever making any direct introductions to
23 market makers for Xpring companies.

24 Q. Other than making direct
25 introductions, did you ever come to learn that

1 the market makers might or might not be working
2 with, you know, the companies that Mr. Beard
3 worked with?

4 A. I'm not sure if the market makers were
5 working with them or not.

6 Q. Okay. Was it ever a concern for you
7 that Ripple's programmatic sales might impact
8 XRP's price in a negative way? In other words,
9 might cause it to go down.

10 A. Any sales/buys in the market are all
11 relative to the rest of the sales and buys in
12 the market. So it just depends on what's going
13 on in the market in a given day as to whether
14 one specific transaction will move the market or
15 not.

16 Q. Right.

17 But my question was, was it ever a
18 concern for you whether Ripple's programmatic
19 sales might negatively impact XRP's price?

20 A. No.

21 Q. Okay. Now, does -- in -- in your
22 experience, did XRP's price follow liquidity?

23 A. No.

24 Q. So if there was less liquidity, did
25 you find that that might depress the price?

1 A. No. There's not a direct correlation
2 between price and liquidity. Liquidity is one
3 specific component amongst -- sorry, price is
4 one specific component amongst many that impacts
5 overall liquidity.

6 Q. Okay. So -- so I think you mentioned

7 [REDACTED]?

8 A. Yes.

9 Q. You've heard of them?

10 A. I have heard of them.

11 Q. What is it? What is your knowledge of
12 what that is?

13 A. So a market data reference website
14 that I recall we used to pull market data from.

15 Q. What sort of market data?

16 A. Exchange volumes, overall crypto
17 market data where things were trading. You
18 know, all sorts of market metrics.

19 Q. Did [REDACTED] -- information from
20 [REDACTED] ever play a role with respect to
21 Ripple's programmatic sales?

22 A. I recall it did, which is where I
23 mentioned earlier when you asked about my role
24 within programmatic sales. So as I mentioned,
25 that -- it was designed prior to my arrival.

1 However, right around the time of my arrival, I
2 don't remember the exact date, there was some
3 attention around [REDACTED] potentially
4 having inaccurate volume data for the industry.

5 And so one of the things I remember
6 Ron asking us to do was to take a look at what
7 other industry sources were available around
8 market data analytics that might be potentially
9 more reliable so we could get as accurate a
10 picture of market volumes as possible.

11 Q. And what role, if any, did the quality
12 of data play with respect to Ripple's
13 programmatic sales at that point?

14 A. Yes. So my recollection is that the
15 amount of programmatic sales was based off of
16 overall market volumes.

17 Q. And did you ever stop using -- did
18 Ripple ever stop using [REDACTED]
19 information, volume information, with respect to
20 its, you know, programmatic sales as you've just
21 described?

22 A. Yes. I recall a move from

23 [REDACTED] to [REDACTED]

24 Q. [REDACTED]

25 A. I know it's a mouthful. Sorry to the

1 court reporter.

2 Q. Who made that -- who made the decision
3 that Ripple would switch to [REDACTED] to

4 [REDACTED]
5 A. There were a number of people
6 involved, including the accounting team, the tax
7 team, the legal team, et cetera, and just in
8 vetting the quality of the -- of the data and in
9 making the decision that it seemed from all
10 available sources that that seemed to have more
11 reliable market data than -- than [REDACTED]
12 did.

13 Q. Did the info -- did the data that --
14 is it fair to call it [REDACTED]

15 A. It is. That would be helpful.

16 Q. Is it fair to say that [REDACTED]
17 reported -- well, did they report less volume or
18 more volume for XRP than [REDACTED]

19 A. You know, I don't recall specifically
20 for XRP, but I do recall -- in terms of up, down
21 or whatever way, but I do recall that they went
22 through a rigorous process of analyzing all the
23 exchanges -- and that was one thing I remember
24 being impressed by -- and looking at the quality
25 of the teams, the quality of their reporting,

1 the reliability of their data.

2 And it just seemed like a more --
3 the -- the team themselves that was running that
4 platform and the -- and the process they went
5 through to vet volumes ensuring that the volume
6 data was real seemed more reliable than what our
7 impression was at the time of [REDACTED]

8 Q. Okay. And was Mr. Garlinghouse
9 involved in the decision to switch from [REDACTED] --

10 [REDACTED] --

11 A. Yeah.

12 Q. -- to [REDACTED]

13 A. Yes. So that was a topic that we
14 would have discussed, for example, in one of
15 those Friday meetings. So Brad would have
16 attended, yes.

17 Q. Well, did he express to you -- to the
18 extent he expressed it to you, what was his view
19 as to whether it would be a good idea to switch?

20 A. Again, I don't remember exact words
21 is, but the general gist was that we should
22 always be working with high-integrity
23 counterparts and -- and use the most reliable
24 data available.

25 Q. Was Mr. Larsen involved in the

1 decision to switch from [REDACTED] to [REDACTED]

2 A. I don't recall offhand if he was in
3 the meeting where we discussed that decision.

4 Q. Were there notes of these meetings,
5 these weekly Friday meetings?

6 A. Sometimes. Sometimes we'd send -- if
7 there was anything that was needed for
8 follow-up, for example, we would send an e-mail
9 saying, you know, these are the three things we
10 agreed to do or these are the three things we
11 agreed to follow up on. And if there were no
12 follow-ups, then not -- there wouldn't always be
13 meeting minutes sent around.

14 Q. What about handwritten notes? Would
15 anyone take handwritten notes at the Friday
16 meetings?

17 A. None that I recall.

18 Q. Okay.

19 A. But I can't say -- speak for everybody
20 at the meetings. They were audio --

21 THE COURT REPORTER: I didn't
22 hear the last part.

23 A. None that I recall, but I -- they were
24 audio meetings, Zoom meetings. So I don't know
25 what people were doing in their individual homes

1 dialed in.

2 Q. All right. Let's skip around and go
3 to Exhibit 74. I mean, these are premarked so
4 I'm just going to be not in numerical order.

5 (Whereupon, exhibit is presented
6 and marked SEC Madigan Exhibit 74 for
7 identification.)

8 MR. TENREIRO: Let's go off the
9 record, please.

10 THE VIDEOGRAPHER: The time right
11 now is 11:20 a.m. We are off the record.

12 (Whereupon, a recess is taken.)

13 THE VIDEOGRAPHER: The time right
14 now is 11:34 a.m. We are back on the
15 record.

16 BY MR. TENREIRO:

17 Q. Ms. Madigan, is it fair to say that
18 throughout the course of your employment at
19 Ripple, you wanted the XRP market to be more
20 liquid?

21 A. A focus of my job was, yes, XRP
22 liquidity.

23 Q. Right.

24 Is it fair to say that you wanted
25 liquidity in the XRP market?

1 A. Yes.

2 Q. Okay. Did you have an understanding
3 as to whether there were individuals holding XRP
4 in the market for speculative purposes?

5 A. Yes.

6 Q. And what was your understanding?

7 A. That people -- speculative trading to
8 me is just people speculating on the view. They
9 buy, they sell. They're people who participate
10 in most markets.

11 Q. And so did you have an understanding
12 that there were people who were speculating in
13 the XRP market?

14 A. Yes.

15 Q. For speculators in markets, do they
16 want there to be -- do they want -- do they like
17 a liquid market or an illiquid market in your
18 experience?

19 MS. ZORNBERG: Object to form.

20 A. I can't speak on behalf of all
21 speculators in markets.

22 Q. Right. I'm not asking you to.

23 I'm asking you, in your experience,
24 you know, do you have an understanding as to
25 whether market participants like there to be

1 liquidity in the market?

2 A. I suppose it depends what their
3 objective is or what their view is on the
4 market, depending upon how they're expressing
5 their trading view. More liquid -- liquidity
6 could be good, less liquidity could be better,
7 depending upon their view, how they're trading,
8 et cetera.

9 Q. Can you give me an example of a
10 trading view where less liquidity could be
11 better?

12 A. So, let's see. So if, for example,
13 a -- somebody -- we talked about an order book
14 earlier, right? So let's say that there's
15 buyers at, you know, five and sellers at ten and
16 all of a sudden there's a huge buyer who comes
17 in and buys a ton at a higher price. So let's
18 say all of the sudden there was a huge buyer
19 that came in and bought a bunch of 15 in that
20 example. Right?

21 If you are somebody who is in that
22 order book with your offer at 10, you wouldn't
23 want to keep that offer in because you just
24 realized now you can sell it at 15. So why
25 would you want -- why would you want to keep

1 that -- that offer in the book when the market
2 just got higher, right?

3 So if you're -- depending upon what
4 your view is and what your position is in the
5 book, sometimes I suppose there can be scenarios
6 where less liquidity can be good, too.

7 Q. So in that scenario the seller would
8 sell for more than what they had offered for,
9 right, 15 instead of 10?

10 A. But they wouldn't if they still had
11 the 10 in the book.

12 Q. Okay. And to the ex -- to the extent
13 that a trader in the XRP market wanted there to
14 be liquidity in the XRP market, was that
15 trader's desires aligned with Ripple's desires
16 with respect to the liquidity of the XRP market?

17 MS. ZORNBERG: Object to form.

18 A. Yeah. Your -- can you clarify the
19 question, who you're asking me to speak on
20 behalf of?

21 Q. On behalf of Ripple.

22 A. Okay. On behalf of Ripple. And
23 what's the question?

24 Q. Yeah. If there was a trader or a
25 participant in the XRP market that desired

1 liquidity in that market, was that person's
2 desire aligned with what Ripple desired with
3 respect to the liquidity of the XRP markets?

4 MS. ZORNBERG: Object to form.

5 A. Okay. I think -- I think we're -- I
6 think it's a little complicated what you're
7 asking me to opine on, but what I can say is for
8 Ripple we were focused on developing liquidity
9 in the XRP markets. For me to speculate what
10 speculators in the market wanted or whether that
11 was aligned is not something I can do.

12 Q. Okay. But don't speculate.

13 Do you have an understanding as to
14 whether speculators in the market wanted there
15 -- in the XRP market wanted there to be
16 liquidity or not?

17 A. I can't speak for overall market
18 speculators.

19 Q. Okay. And in your experience sort of
20 dealing with markets and liquidity, do you have
21 an understanding as to whether speculators in
22 markets want there to be more liquidity or not?

23 A. In general I think more liquidity is
24 good.

25 Q. Okay. Do you have any reason to

1 believe that your general understanding of the
2 markets does not apply to the XRP market?

3 A. Do I -- sorry, repeat the question.

4 Q. Do you have any reason to believe that
5 your general understanding of markets does --
6 did not apply to the XRP market?

7 A. No.

8 Q. Did there ever come a time where --
9 when you expressed concern about the number of
10 sell orders in the book for the XRP market?

11 A. None that I recall.

12 Q. Did there ever come a time when you
13 tried to, you know, manage the number of sells
14 in the market for XRP?

15 A. No.

16 Q. Okay. What about sales by, you know,
17 individuals other than Ripple, such as, for
18 example, [REDACTED]? Did there ever come a time when
19 you were concerned about the number of -- you
20 know, of sales by [REDACTED]?

21 A. Yes.

22 Q. And why were you?

23 A. Because [REDACTED] -- as I mentioned, there
24 is a lengthy contract that predated me. But
25 what I understood of the contract was that it

1 entailed large quantities of XRP being delivered
2 to [REDACTED] And when I was made aware that they
3 were selling very large quantities in -- in
4 single trades, that can have a negative impact
5 on liquidity.

6 Q. Okay. And did there ever come a time
7 when you became concerned about large quantities
8 of buys of XRP in the market?

9 A. Not -- none specifically that I
10 recall.

11 Q. What about generally?

12 A. As I mentioned, large one-sided flow
13 in either direction can impact liquidity.

14 Q. Right.

15 But my question was, did you ever --
16 did there ever come a time when you became
17 concerned about specific large quantities of
18 buys in the XRP market?

19 A. None that I recall.

20 Q. Did Mr. Will attend your weekly Friday
21 meetings?

22 A. Yes.

23 Q. And your other weekly meeting, was
24 that on Wednesdays?

25 A. No. It was typically on Mondays or

1 Tuesdays.

2 Q. Did he attend those?

3 A. No.

4 Q. What role did he play in the Friday
5 meetings that he attended?

6 A. He was one of the contributors to the
7 weekly deck.

8 Q. So the -- "contributors" meaning
9 someone who might provide content for the weekly
10 deck?

11 A. Yeah.

12 Q. What was the purpose of the weekly
13 deck?

14 A. So it was a general meeting around
15 what's going on in the markets, what's going on
16 with XRP. Just kind of an assessment. And then
17 any initiatives around ODL or liquidity, et
18 cetera.

19 Q. All right. Let's take a look at
20 Exhibit 74, which I handed --

21 MR. TENREIRO: Did you hand
22 them copies -- I think the copy -- no.
23 Sorry.

24 A. That's okay.

25 Q. Here's your copy, Ms. Madigan.

1 A. Okay.

2 Q. If you can reach.

3 MR. TENREIRO: Here, Counsel. I
4 have four extras.

5 So do you want all four, Lisa,
6 or --

7 MS. ZORNBERG: I'll ask you to
8 pass one down.

9 THE WITNESS: Oh, sorry.

10 (Pause)

11 BY MR. TENREIRO:

12 Q. Have you had a chance to look at this
13 exhibit, Ms. Madigan?

14 A. Yes, I just did.

15 Q. Who is [REDACTED] or [REDACTED]
16 (pronunciation)?

17 A. [REDACTED]

18 Q. Who is he?

19 A. He is the CEO of GSR.

20 Q. And GSR, again, just for the record?

21 A. Sure. They're a market maker.

22 Q. And their relationship with Ripple
23 generally?

24 A. Yes. They work with Ripple in a
25 number of capacities. They were on the

1 programmatic sales program, also ODL, and
2 potentially others.

3 Q. Okay. Do you see on June 26, 2019,
4 you say "BTW - I made some progress with Ron and
5 Brad on the topic of maybe managing more of
6 Xpring's XRP flow through the programmatic
7 channel... will be a WIP" -- work in progress,
8 is that what that means?

9 A. Looks like it.

10 Q. -- "but something I want to explore
11 with you."

12 Do you see that?

13 A. Yes.

14 Q. Okay. Does that refresh your memory
15 about the conversation we were having earlier
16 about involvement you might have had in terms
17 of, I'll just use the word "marrying" Xpring
18 and -- and programmat -- and -- and market
19 makers like GSR?

20 A. Yeah. I wouldn't use that phrase of
21 "marrying" the two, but, yes, I do see the
22 connection here. I'm not sure of the date of
23 the prior e-mail that you -- we were discussing,
24 if that was before or after this.

25 Q. Do you not have it there?

1 A. I'm sorry. I just don't -- oh, okay.

2 Q. Yeah. So for the record --

3 A. July 10.

4 Q. -- Exhibit 1, the date is July 10,
5 2019, and this exhibit, this e-mail, is June 26,
6 2019.

7 A. Got it.

8 Q. Also, I forgot to state for the record
9 this e-mail is Bates GSR 407158. Two pages.

10 A. Yeah.

11 Q. So go ahead.

12 A. Okay.

13 Q. My question is -- my question is, what
14 else can you tell me about efforts you might
15 have made to sort of put together or -- I don't
16 mean to use any particular word -- put together
17 the Xpring team with the GSR team?

18 A. Sure. So this was probably the extent
19 of it. I remember a conversation with GSR
20 around wanting to better understand -- they
21 wanted to better understand what -- what Xpring
22 was doing and also offered that if they could be
23 helpful, we could make introductions, which I
24 think is what prompted my outreach to...

25 Q. Mm-hmm.

1 Do you see, further down, where you
2 say "I'd love to start thinking about a weekly
3 comment you guys can share with us - on any
4 color you're seeing in XRP and gut on the
5 market, et cetera - maybe on Thursdays? We need
6 to get a better handle on total supply, key
7 market drivers, et cetera, to help inform our
8 liquidation strategies (starting with lowering
9 our sales numbers ASAP, IMO!)"

10 I assume you mean in my opinion?

11 A. IMO, yes.

12 Q. Yeah.

13 A. In my opinion.

14 Q. Okay. Why did you need to lower --
15 why was it your opinion that you needed to lower
16 your sales numbers ASAP?

17 A. So this -- I had just joined. And as
18 I mentioned earlier, part of what I wanted to do
19 when I first got in was to better understand how
20 XRP was being used across the company to get a
21 better handle on where and how XRP was being
22 introduced in the market.

23 Q. Okay. But my question was, why did
24 you have the opinion that you needed to lower
25 your sells -- sales numbers ASAP?

1 A. My general view is -- with respect to
2 liquidity, as we discussed before, is that if
3 there are large quantities of one-directional
4 flow, that can be a hindrance to healthy
5 liquidity development.

6 Q. Was there ever -- did -- did -- did
7 it, in fact, happen that Ripple lowered its
8 sales numbers with respect to XRP after you came
9 to this opinion?

10 A. I know that programmatic sales were
11 stopped. I don't recall exactly when.

12 Q. And was that in part because of your
13 opinion of starting with lowering sales?

14 A. There were many people involved in the
15 decision around programmatic sales: Our general
16 counsel, our head of finance, et cetera. So
17 there -- there were many people involved in that
18 discussion.

19 Q. Were you one of those people?

20 A. I was one of those people.

21 Q. Okay. Who was the ultimate
22 decision-maker?

23 A. Probably Brad and Ron.

24 Q. Okay. And what was the reason for the
25 decision?

1 MS. ZORNBERG: Without disclosure
2 of any privileged information or
3 conversations.

4 MR. TENREIRO: Yes.

5 THE WITNESS: Sure.

6 MS. ZORNBERG: If you can answer
7 that question without disclosing
8 privileged communications.

9 THE WITNESS: Yeah.

10 A. I don't know. I was just informed
11 that that was the decision.

12 Q. By whom?

13 A. It probably did involve our lawyer so
14 I don't know if that makes it privileged.

15 Q. Well, did someone inform you --
16 someone informed you the decision was made?

17 A. Right.

18 Q. Okay.

19 MR. TENREIRO: Are you claiming
20 privilege over someone informing her that
21 the decision was made to stop programmatic
22 sales?

23 MS. ZORNBERG: No. I haven't
24 asserted a privilege.

25 MR. TENREIRO: All right.

1 BY MR. TENREIRO:

2 Q. So can you answer, please? Who -- who
3 informed you?

4 A. I don't recall exactly, but there
5 was -- this was a topic that would have been
6 discussed in one of those meetings where [REDACTED] was
7 present, Brad was present, Ron was present,
8 so...

9 Q. Are these the Friday meetings?

10 A. Yes.

11 Q. Okay. Did you ever -- okay.

12 So just to make sure I understand,
13 your opinion here relates to a potential large
14 number of sell orders in the -- in the book that
15 might disrupt liquidity, is that correct?

16 A. No. When you say "in the book," first
17 of all, I don't know which book you're
18 referencing.

19 Q. Well, you referenced "the book," but
20 you're right, there is no book.

21 A. I was talking about a hypothetical
22 order book on a random exchange.

23 Q. Right.

24 A. But I don't know which book that --

25 Q. Well, let's talk about, you know, too

1 many sales in the market.

2 A. Right. So --

3 Q. Meaning on a potential exchange, for
4 example.

5 So your -- is your opinion here is
6 based on the potential existence of too many
7 sell orders in the market for XRP?

8 A. Not too many sell orders, but, again,
9 going back to the original point I was making
10 around the negative impact that outsized
11 one-directional flow can have on liquidity.

12 Q. Right.

13 And did you ever -- was there ever an
14 occasion where you became concerned -- so --
15 sorry, let me strike that.

16 You were -- you know, there was an
17 issue or an idea that one directional --
18 outsized one-directional flow can have a
19 negative impact on liquidity. And in this case,
20 that directional flow was sales, correct?

21 MS. ZORNBERG: Object as to form.

22 A. Yes. If -- if there's significant
23 one-directional flow, it can impact liquidity
24 negatively.

25 Q. What are the directions?

1 A. It can be sales or buys.

2 Q. And in the context of the e-mail we're
3 looking at, it's sales, correct?

4 A. Correct.

5 Q. Did you ever have occasion to be
6 concerned that one-directional flow sales -- I'm
7 sorry, purchases could have a negative impact on
8 liquidity?

9 A. They -- they would -- they could
10 depend --

11 THE COURT REPORTER: "Negative
12 impact on the"? I can't hear you.

13 A. What was the question?

14 THE COURT REPORTER: I couldn't
15 hear the end of your question, Jorge.

16 MR. TENREIRO: Liquidity.
17 Negative impact on liquidity. Sorry.

18 THE COURT REPORTER: Thank you.

19 A. I'm sorry. What was the question?

20 Q. Let me repeat the question.

21 A. Yeah.

22 Q. Did you ever have occasion to be
23 concerned that one-directional flow of purchases
24 could have a negative impact on the liquidity of
25 XRP?

1 A. So as I mentioned, one-directional
2 flow in either way, buys or sells, can have
3 disruptive effects on liquidity in an order
4 book. And so I don't recall offhand specific
5 large purchases that I was concerned about.

6 Q. With respect to the ODL product, who
7 provides the XRP to, say, MoneyGram when they're
8 using ODL?

9 A. So the XRP -- originally -- in the
10 original order flow of ODL, MoneyGram would take
11 their dollars and it would be sent to what was
12 called an originating exchange where the dollars
13 would be sold for XRP and then that XRP would be
14 sent cross border where it would be sold. The
15 destination exchange, in the example I gave
16 earlier, that could be Bitso where the XRP would
17 be then sold for Mexican peso.

18 Q. In the originating exchange, did the
19 market maker in that original order flow have a
20 role in providing the XRP to MoneyGram in the
21 example you just provided?

22 A. So whomever -- it depends who was
23 making markets on that originating exchange at
24 the time as to where they received their XRP.
25 It was -- it was from the order book of the

1 originating exchange.

2 Q. Right.

3 But my question was, in the
4 originating exchange, did the market maker have
5 a role in providing the XRP to, say, MoneyGram?

6 A. I think in that example, in the early
7 flow, it was Bitstamp, the originating exchange,
8 and I don't think we had the market -- I think
9 the market makers were primarily focused on the
10 destination exchanges, but I'm not a hundred
11 percent certain whether they were on the order
12 book in the Bitstamp as well.

13 THE COURT REPORTER: You're going
14 to have to -- you're losing the end of
15 your sentence.

16 THE WITNESS: Sorry.

17 A. So the question was around were the
18 market makers on the originating exchange as
19 well. And I don't recall if they were on the
20 Bitstamp in that example as well or just the
21 destination exchanges.

22 Q. All right. So in the originating
23 exchange, then, is it fair to say that the MGI,
24 you know, the MoneyGram in the example, needs to
25 buy XRP?

1 A. They would sell their dollars to buy
2 XRP in that order flow, yes.

3 Q. And in that order flow, they needed
4 someone to sell them their XRP, correct?

5 A. Correct.

6 Q. Okay. Did you ever come to be
7 concerned that the people relying on the ODL
8 platform such as MGI might be placing too many
9 buy orders for XRP that might disrupt the
10 liquidity of the market?

11 MS. ZORNBERG: Objection.

12 A. I -- I didn't have a view on the
13 individual flows of MGI on the originating
14 exchange.

15 Q. Let's not limit it to MGI. I
16 apologize for that.

17 But to the extent that, you know,
18 companies might be using the ODL platform and
19 they have to buy XRP in the originating
20 exchange, did you ever come to be concerned that
21 there were too many buy orders because of ODL
22 such that they might disrupt the liquidity of
23 the XRP market?

24 A. No. Well, the workflow I described
25 earlier around ODL, there was a -- a buy leg and

1 a sell leg. So they would offset each other.

2 Q. But the buy leg was XRP vis-a-vis one
3 currency, right?

4 A. Correct.

5 Q. And the sell leg was XRP -- well,
6 typically vis-a-vis -- well, strike that.

7 And the sell leg was XRP vis-a-vis
8 a -- a different currency, correct?

9 A. Yes.

10 Q. And you're saying those would offset
11 each other?

12 A. In terms of the XRP equivalent, the
13 dollar equivalent of XRP, yes.

14 Q. So the liquidity -- a buy order -- I
15 just want to make sure I understand your
16 testimony.

17 A buy order in that example, a buy
18 order in the XRP U.S. dollar tranche offsets for
19 liquidity purposes a sell order in the XRP
20 Mexican peso tranche? Is that your testimony?

21 A. So the dollar equivalent of XRP on the
22 originating exchange would then be sent cross
23 border and then that same quantity of XRP, but
24 denominated against the Mexican peso in that
25 example, would be the sell side.

1 Q. I understand that.

2 A. Yeah.

3 Q. And my question is, does the buy order
4 on the XRP U.S. dollar side offset for liquidity
5 purposes the sell order in the XRP Mexican peso
6 side?

7 A. There is an offset of a buy and a sell
8 of the XRP. There's -- you can look at
9 liquidity of U.S. dollar XRP, you can look at
10 liquidity of MXN XRP. There -- there are
11 different liquidity metrics. But in terms of
12 the XRP denominated liquidity, yes.

13 Q. Okay. And -- all right. So let's
14 look at Exhibit 50.

15 A. Is that what we have or --

16 Q. Not yet.

17 A. No.

18 MR. TENREIRO: For the record,
19 while we're getting that, it's a two page
20 e-mail, RPLI_SEC 0503813.

21 THE WITNESS: Oh, sorry.

22 (Whereupon, exhibit is presented
23 and marked SEC Madigan Exhibit 50 for
24 identification.)

25 (Pause)

1 BY MR. TENREIRO:

2 Q. Have you had a chance to look at it,
3 Ms. Madigan?

4 A. Yeah.

5 Q. Okay. Who's [REDACTED]

6 A. He's a member of my team.

7 Q. Okay.

8 MS. LINSENMAYER: Jorge, this is
9 Robin Linsenmayer. We don't have the
10 exhibit yet from Dugan. So can you please
11 hold your questioning until that comes
12 through?

13 MR. TENREIRO: Sure. It's on the
14 screen, though.

15 MS. LINSENMAYER: I know. I
16 can't scroll through it. Okay. It's
17 arrived. Thanks.

18 BY MR. TENREIRO:

19 Q. And he is e-mailing an individual at
20 [REDACTED]

21 Do you see that?

22 A. Yeah. It appears so.

23 Q. What is [REDACTED]?

24 A. [REDACTED] is a company -- I don't know a
25 ton about them, but it's a company that

1 provides, I think, FX services and crypto
2 services and ability to buy and sell them.

3 Q. And it seems like -- he says "Dear
4 [REDACTED]: We wanted to give you an update on the
5 XRP selling pause before year end."

6 Do you know what he refers -- is
7 referring to when he says "XRP selling pause"?

8 A. I don't recall exactly, but apparently
9 a selling pause.

10 Q. Then he says "According to the latest
11 feedback from our legal department, any XRP
12 sales to yourselves need to be on pause still."

13 Do you see that? It's underlined.

14 A. Mm-hmm.

15 Q. Is that a yes or no?

16 A. I do see that, yeah.

17 Q. Okay. And why does there need to be a
18 pause in XRP sales at this point?

19 A. I don't recall why.

20 Q. Is this the same as programmatic
21 pauses on programmatic sales or something else?

22 A. Well, again, I -- A, I'm not the
23 author of this e-mail and I don't recall it
24 offhand. But with that caveat, if I'm reading
25 it now, it looks to be different than

1 programmatic in that [REDACTED] was not engaged in
2 programmatic sales. I mentioned we leveraged
3 third-party market makers.

4 Q. You mentioned what?

5 THE COURT REPORTER: "I
6 mentioned"?

7 A. We -- we leveraged third-party market
8 makers for programmatic sales.

9 Q. So what kind of XRP sales was [REDACTED]
10 involved in?

11 A. So I don't recall [REDACTED] engaging in
12 XRP sales, but maybe it was a holdover OTC.
13 Remember I mentioned we -- there was OTC before
14 I came and it pretty much was paused with the
15 exception of [REDACTED]

16 Q. All right. Let's -- let's move on to
17 something else.

18 MR. TENREIRO: Can we please have
19 Exhibit 62?

20 (Whereupon, exhibit is presented
21 and marked SEC Madigan Exhibit 62 for
22 identification.)

23 MR. TENREIRO: For the record,
24 this is a three-page e-mail beginning at
25 RPLI_SEC 223624. There's three for you.

1 (Pause)

2 BY MR. TENREIRO:

3 Q. Have you had a chance to look at the
4 e-mails?

5 A. Yes.

6 Q. On the second page, on May 23rd, 2019,
7 Ms. Madigan, you do you see Mr. Samarasinghe --
8 did I say that right? Mr. Samarsinghe e-mails
9 Brad Garlinghouse and at some point he says
10 "Please find follow-ups from today's meeting
11 below."

12 Do you see that?

13 A. Yes.

14 Q. Is that an example of when you had
15 explained that sometimes there might be e-mails
16 that follow up certain meetings with action
17 items?

18 A. Yep.

19 Q. Okay. And in the front page of the
20 e-mail, if you had a chance to look at it, it
21 seems like Mr. Garlinghouse asked you to sort of
22 nudge on these follow-up items at some point.
23 And you said, you know, you were on it.

24 Is that fair?

25 A. Mm-hmm.

1 Q. Yes or no, please.

2 A. Yes.

3 Q. Okay. Sorry.

4 In terms of the follow-ups, the first
5 bullet point says "Get clearer idea of what [REDACTED]
6 is doing, and how/if their purchases are hitting
7 the market."

8 Do you see that?

9 A. Yes.

10 Q. Why did you want to get a clear idea
11 of what [REDACTED] was doing and how/if their purchases
12 are hitting the market?

13 A. To be fair, this was an ask from Brad
14 to Dinuka. So I'm -- this wasn't my ask.

15 Q. No, I understand.

16 But why did -- why did
17 Mr. Garlinghouse want to find that out?

18 A. I can't speculate on what Brad wanted
19 and why.

20 MS. ZORNBERG: Object to form.

21 Q. Did he say at the meeting why he
22 wanted to find that out?

23 A. This was probably a couple days into
24 the job so I don't recall the specifics of this
25 meeting.

1 Q. Okay. You said in the other -- in a
2 follow-up e-mail that you were going to be on
3 tracking down the responses.

4 Did you -- did you do anything to
5 track down the responses to these follow-up
6 items?

7 A. I don't remember this specific chain,
8 but I would have normally followed up my CEO's
9 request to get answers from one of our employees
10 if that's what he asked of me. Yes, absolutely.

11 Q. What answers did you get?

12 A. I don't recall offhand.

13 Q. Okay. The fourth bullet point says
14 "Signal to the market that we will not be
15 following previous quarters' trend for XRP
16 sales."

17 Do you see that?

18 A. Yep.

19 Q. Did you follow up on that point with
20 Mr. Samarasinghe?

21 A. Again, I don't recall the specifics of
22 this engagement, but I would normally follow the
23 CEO's request to follow up with members of my
24 team on things that he was looking for.

25 Q. And if you -- even -- do you re -- I'm

1 sorry. Let me start again.

2 To the extent that you might have
3 followed up, what did Mr. Samarasinghe tell you
4 about this point?

5 MS. ZORNBERG: Objection.

6 A. I don't remember what Dinuka would
7 have followed up with me on specifically around
8 this exact topic.

9 Q. Why did Mr. Garlinghouse want to
10 signal to the market that Ripple will not be
11 following previous quarterly trends for XRP
12 sales?

13 A. I'm not going to speculate on Brad's
14 rationale.

15 Q. Did he say the rationale at the
16 meeting?

17 A. Not that I recall.

18 Q. Did you discuss the rationale with him
19 to the extent you followed up with
20 Mr. Samarasinghe and then reported back to
21 Mr. Garlinghouse?

22 A. Not that I recall offhand.

23 Q. Did you want to signal to the market
24 that Ripple will not be following previous
25 quarters' trend for XRP sales?

1 A. Not that I recall offhand.

2 Q. At any time did you want to signal to
3 the market that Ripple will not be following
4 previous quarters' trends for XRP sales?

5 A. So we used the XRP markets report to
6 communicate to the market what was going on with
7 respect to XRP. That was the channel that we
8 would use to communicate around anything related
9 to XRP.

10 Q. And why would the market want to know
11 what was going on with XRP?

12 A. So Ripple is obviously a large holder
13 of XRP. And Ripple chose, before my time, to
14 voluntarily provide information to the market
15 regarding its holdings of XRP and any activity
16 around it.

17 Q. Would that include -- who at -- who at
18 Ripple was involved in deciding what information
19 to include in these XRP market reports?

20 A. A number of people. So --

21 Q. Were you?

22 A. -- the markets team, the regulatory
23 team, the legal team, the Xpring team.

24 Q. Were you -- so were you involved?

25 A. Yes.

1 Q. Okay. Did -- why did Ripple want to
2 provide information to the market? I think you
3 mentioned obviously a large hold -- holder of
4 XRP. Was there any other reason?

5 A. The view -- again, this was developed
6 before my team, but the view was generally that
7 Ripple had an interest in sharing as much
8 transparently about its holdings of XRP as
9 possible.

10 Q. Why?

11 A. To help the market understand XRP and
12 what Ripple was doing with its holdings.

13 Q. Why would the market care about that?

14 A. More information tends to be better
15 than less when people are learning about a
16 market.

17 Q. And what market participants are we
18 talking about here that you were providing
19 information to?

20 A. Anybody who was publicly interested in
21 receiving it.

22 Q. Would that include people who might
23 hold XRP for speculative purposes?

24 A. I'm sure.

25 Q. I'm sorry?

1 A. I said, yeah, I'm sure. Whoever
2 wanted it, it was available publicly on -- on
3 the website.

4 Q. And sitting here today, why would
5 Ripple then -- going back to my question, why
6 would Ripple want to signal to the market that
7 it was not going to be following previous
8 quarters' trends for XRP sales?

9 MS. ZORNBERG: Objection as to
10 form.

11 A. So I'll just repeat that the
12 objective of the markets report was to
13 communicate clearly to the market what Ripple
14 was doing with its XRP holdings. So if there
15 was a change, that's a venue that we would use
16 to communicate anything around XRP.

17 Q. Would you -- would you communicate in
18 these market reports any change with respect to
19 Ripple's, you know, sales of XRP?

20 MS. ZORNBERG: Objection.

21 A. The --

22 MS. ZORNBERG: And who's "you"?

23 MR. TENREIRO: Ripple.

24 A. So --

25 MR. TENREIRO: Thank you.

1 Q. Let me just start again. I apologize,
2 Ms. Madigan.

3 Would Ripple communicate in these
4 market reports any change with respect to
5 Ripple's sales of XRP?

6 A. Yes.

7 Q. And so any time there was a -- a
8 change in Ripple's sales of XRP, that would be
9 reflected in the market reports?

10 A. That -- again, I -- it started before
11 my time so I don't want to speak inclusively for
12 every report that's out there. But, yes, during
13 my time, whenever there was a change in XRP
14 sales, that -- that change was reported in the
15 quarterly markets report.

16 Q. What about buys of XRP by Ripple?

17 A. That was also disclosed in the markets
18 report.

19 Q. Okay. Do -- do you have an
20 understanding as to whether a large number of
21 sales in the market for XRP could lower the
22 price for XRP?

23 A. So as with all markets, if there's
24 larger sell orders than buy orders, it tends to
25 have a negative impact on price. And the -- the

1 opposite is true as well.

2 Q. Did you observe that specifically with
3 respect to Ripple's price -- I'm sorry, XRP's
4 price?

5 A. Observe what specifically? Sorry.

6 Q. That, you know, prices would go down
7 if there were more sales than buys?

8 A. Yeah. I would observe that with all
9 markets. But, yes, with XPR, the same is true:
10 If there's more sellers than buyers, there tends
11 to be downward price --

12 THE COURT REPORTER: Excuse me.

13 Slow down, please. Repeat.

14 THE WITNESS: Sure.

15 A. As with all market assets, if there's
16 more sellers than buyers, that tends to have --
17 a greater quantity of sellers and buyers, it
18 tends to have a negative impact on the price.
19 And the opposite is true: If there's more
20 buyers than sellers, it tends to have a positive
21 impact on price.

22 Q. Do you have an understanding as to
23 whether participants in the XRP market would be
24 interested to know that there might be future
25 sales -- future -- fewer future sales of XRP?

1 MS. ZORNBERG: Object as to form.

2 A. Can you repeat the question? Sorry.

3 Q. Yes.

4 Do you have an understanding as to
5 whether participants in the XRP market would be
6 interesting -- interested to know that there
7 might be fewer future sales of XRPs?

8 A. In general, I think more information
9 is helpful around any market.

10 Q. But more specifically with respect to
11 information that there might be fewer future
12 sales, do you have a -- an understanding as to
13 whether participants in the XRP market might
14 want to know that?

15 A. So Ripple is one party that can sell
16 or buy XRP. What Ripple does is one piece of
17 what happens to XRP. There's many other buyers
18 and sellers. So it's just one piece of
19 information that might be interesting, but
20 there's no -- there's plenty of other market
21 participants and they weren't reported on in the
22 XRP markets report.

23 Q. Right.

24 And why -- why might it be
25 interesting -- interesting to market

1 participants whether Ripple was going to buy
2 or -- you know, sell less XRP in the future?

3 A. I'm not going to speculate as to
4 individual market participants' views on XRP and
5 Ripple.

6 Q. No, I'm not asking you to. I'm asking
7 you, you know, to tell me, based on your
8 experience with markets and your role as the
9 head of institutional markets, why it might be
10 interesting to market to participants whether
11 Ripple was going to sell XRP in the future.

12 A. So more information around anticipated
13 activity in a market is -- is helpful.

14 Q. So is it helpful that people who hold
15 XRP for whatever reason have more information?

16 A. If they hold it, if they don't hold
17 it, if they want to look at holding it, more
18 information is better.

19 Q. More information is better for people
20 who might think of buying XRP?

21 A. Potentially.

22 Q. More information is better for people
23 who already buy -- who already have XRP in their
24 holdings?

25 A. Potentially if they -- yeah.

1 Q. Well, is there a -- you say
2 "potentially."

3 Is there a situation where less
4 information is better for those people?

5 A. It depends if they sought it out.

6 MS. ZORNBERG: Objection.

7 MR. TENREIRO: All right. Let's
8 look at Exhibit 7.

9 THE COURT REPORTER: Did you say
10 7 or 70?

11 MR. TENREIRO: Seven.

12 THE COURT REPORTER: Thank you.

13 MR. TENREIRO: 007.

14 Do you need a break?

15 THE WITNESS: No.

16 MR. TENREIRO: All right. This
17 is a two page e-mail, RPLI_SEC 435043.

18 (Whereupon, exhibit is presented
19 and marked SEC Madigan Exhibit 7 for
20 identification.)

21 BY MR. TENREIRO:

22 Q. If you don't mind, please let me know
23 when you've read it. Thank you.

24 A. Sure.

25 (Pause)

1 A. Okay.

2 Q. Who is [REDACTED]?

3 A. [REDACTED] is an employee of Ripple now in, I
4 think, the core strategy role.

5 THE WITNESS: Sorry, am I not
6 talking loud?

7 THE COURT REPORTER: No.

8 A. [REDACTED] is an employee of Ripple. I don't
9 know her exact role now.

10 Q. Okay. What relationship did she
11 have -- what role did she play with respect to
12 Ripple's relationship with [REDACTED] if any?

13 A. Yes. She was a key relationship
14 manager for [REDACTED]

15 Q. Now, the e-mail we looked at a minute
16 ago as Exhibit 62 was an e-mail around May the
17 20th, 2019. This series of e-mails is May 30
18 and May 31.

19 Does this refresh your memory as to
20 things you might have -- conversations you might
21 have had as a follow-up to Mr. Garlinghouse's
22 request that you "Get a clearer idea of what [REDACTED]
23 is doing, and how/if their purchases are hitting
24 the market"? I just read that from Exhibit 62.

25 A. Yes, this does refresh my memory.

1 Q. Okay. So what did you do?

2 A. What did I do with what? Sorry. Can
3 you clarify the question?

4 Q. Yeah. What did you do to get a clear
5 idea of what [REDACTED] was doing and how/if their
6 purchases are hitting the market?

7 A. We asked for clarification through [REDACTED]
8 and [REDACTED] who helped manage the relationship with
9 [REDACTED]

10 Q. And what did you find out about what
11 [REDACTED] was doing? Were their purchases hitting the
12 market?

13 A. My recollection is that they were
14 selling -- the information we got was that they
15 were selling a lot of volume, almost all of it,
16 pretty instantaneously.

17 Q. And why was that a concern, if at all?

18 A. Because -- for the reasons we've
19 spoken about before around liquidity: Large
20 one-directional flow can have negative impacts
21 on liquidity.

22 Q. Was that -- the liquidity concern with
23 respect to large sales, was that your concern or
24 was that the same concern that others at Ripple
25 had that were involved with the [REDACTED] issue?

1 A. Others at Ripple as well.

2 Q. Others at Ripple.

3 Did that include Mr. Garlinghouse?

4 A. Yes.

5 Q. Okay. Can you point me to where the
6 liquidity concern is expressed in this e-mail?

7 A. I'll reread it and see if it's
8 explicitly called out.

9 Q. Okay.

10 (Pause)

11 A. Yeah. So there's a sentence where --
12 I don't know who the author is -- is this one
13 [REDACTED] Where [REDACTED] references that Brad was
14 concerned about the impact that [REDACTED] active
15 selling was having.

16 Q. Just so we're clear --

17 THE COURT REPORTER: "The impact"
18 -- repeat.

19 Q. So, Ms. Madigan, let me see if I can
20 do it this way.

21 THE COURT REPORTER: I'm sorry.

22 I needed the witness to repeat the end of
23 her answer.

24 A. I was just pointing to a sentence in
25 the e-mail that starts with "Anyway, since Brad

1 seems to be under the impression that [REDACTED]
2 active selling is impacting the market to some
3 extent, we asked if we could potentially modify
4 the existing contract."

5 Q. So is it your testimony that -- is it
6 your testimony that when Ms. [REDACTED] spoke of
7 Brad's impression about active selling impacting
8 the market, that's an impact in liquidity?

9 A. Correct.

10 Q. And what is that impression based
11 upon?

12 A. Discussions that I recall having at
13 the time.

14 Q. Does -- does the impression that [REDACTED]
15 activity, sell -- selling activity, impact the
16 market also have to do with impacting the market
17 price for XRP?

18 A. So as we've spoken about, price is one
19 component of liquidity as are volatilities,
20 spreads, depth, resiliency. There are a lot of
21 attributes to liquidity. Price is one of those.

22 Q. But my question is -- is slightly
23 different, so let me try to rephrase it.

24 Did Mr. Garlinghouse have the
25 impression that [REDACTED] active selling might be

1 impacting the market price of XRP negatively?

2 A. I don't know -- I'm not going to speak
3 for Brad's views here other than my recollection
4 of our conversations, which was that [REDACTED]
5 selling was having negative impacts on
6 liquidity.

7 Q. Right. So you just told me about
8 Mr. Garlinghouse's impression about -- a minute
9 ago about your understanding of his
10 impression --

11 A. Uh-huh.

12 Q. -- with respect to what's happening
13 with [REDACTED] sales as to liquidity.

14 A. Right.

15 Q. So now you're telling me that you
16 don't have any idea whether he was also
17 concerned about the price, is that correct?

18 MS. ZORNBERG: Objection;
19 mischaracterizes the witness's prior
20 testimony.

21 A. So I mentioned that price is one
22 factor that is -- plays into liquidity. Price,
23 volume, spreads, breadth, resiliency. These are
24 a number of attributes we've talked about a lot
25 this morning regarding overall liquidity. So

1 price is one of those.

2 Q. So is it fair to say that to the
3 extent Mr. Garlinghouse was concerned about
4 [REDACTED] active selling impacting the liquidity of
5 the XRP market, he was in part concerned about
6 XRP's price?

7 A. I would repeat --

8 MS. ZORNBERG: Objection to the
9 form.

10 A. I would repeat the same answer I just
11 gave, which is that price is a component of
12 liquidity.

13 Q. So is that a yes?

14 A. That's not a yes. I'm repeating my
15 statement from before.

16 Q. Okay. But I'm trying -- I'm just
17 asking you, if you can tell me yes or no, or you
18 can answer however you'd like, but is -- if
19 price is a component of liquidity, would you
20 agree that with me that if you're concerned with
21 liquidity, one of the things you're concerned
22 about is the price of XRP?

23 A. The price is one component of XRP's
24 liquidity. Absolutely.

25 Q. Okay. Did you -- did anyone at Ripple

1 ever express to you that you should not
2 explicitly discuss XRP's price?

3 A. Not that I recall.

4 Q. Okay. Did you ever hear anyone say
5 that to anybody else?

6 A. Not that I recall.

7 Q. Did you ever ask somebody else not to
8 explicitly discuss XRP's price?

9 A. Not that I recall.

10 MR. TENREIRO: All right. Let's
11 go to Exhibit 63, please, which will be --
12 which will come in a second -- oh, three.
13 I think it's a three-page e-mail. This is
14 for the witness. Just two? Oh, okay.
15 Two and two.

16 MS. ZORNBERG: Thank you very
17 much.

18 MR. TENREIRO: RPLI_SEC 435051.

19 (Whereupon, exhibit is presented
20 and marked SEC Madigan Exhibit 63 for
21 identification.)

22 MR. TENREIRO: Okay. At least
23 you don't have to mark the exhibits,
24 right, Bridget?

25 (Pause)

1 A. Okay.

2 Q. All right. Have you had a chance to
3 look at these e-mails?

4 A. I have.

5 Q. Okay. And they're also a series of
6 e-mails on May 30, 2019. And is it fair to say
7 that, at least in part, they -- well, are
8 discussing [REDACTED] at least in some part of the
9 e-mail?

10 A. Yes.

11 Q. Okay. Do you see where you write on
12 May 30th, "Hi, thanks all. So to confirm - it
13 looks like there is a minimum buy of [REDACTED]
14 [REDACTED] (per second amendment doc attached
15 here)."

16 Do you see that?

17 A. Yes.

18 Q. Is it fair to say that that's where
19 you're sort of trying to get up to speed on the
20 contract between Ripple and [REDACTED]?

21 A. Yes.

22 Q. Okay. And then you say "Am I correct
23 that we would need to renegotiate the contract
24 if we want to now limit ('throttle') that amount
25 going forward?"

1 Do you see that?

2 A. I do.

3 Q. What does "throttle" mean there?

4 A. It looks like I'm repeating what Brad
5 wrote in the e-mail shortly prior.

6 Q. So is it -- in the e-mail shortly
7 prior, he wrote "throttle (slow) the volume they
8 were purchasing"?

9 A. I believe that's what he meant.

10 Q. Okay. Is that what you meant?

11 A. I don't recall the specific e-mail but
12 I believe that's...

13 Q. Did you come to understand that
14 Mr. Garlinghouse was asking you to figure out a
15 way to slow the volume that [REDACTED] was purchasing
16 from Ripple and thereby selling into the market?

17 A. I recall that we were asked to look at
18 what [REDACTED] was doing. And, again, we spoke about
19 this a little bit earlier, but in the context of
20 very large quantities of XRP being delivered to
21 them and the perception that we had, what we
22 were asked to look into is whether they were
23 immediately selling the entire quantity they
24 were receiving.

25 Q. And you came to the conclusion that

1 they were, in fact, right? Correct?

2 A. Correct.

3 Q. And do you see Mr. Will says, "Yes,
4 what has become clear is that they are selling
5 the XRP immediately," right?

6 A. I see that.

7 Q. Okay. And the concern there, again,
8 was, just to be clear, the liquidity issue that
9 that would cause?

10 A. Correct.

11 Q. Any other concern?

12 A. No.

13 Q. Any concern that, you know, [REDACTED] should
14 be holding XRP for a while for regulatory
15 reasons?

16 A. Not that I recall.

17 Q. Okay. So was [REDACTED] interacting or
18 interfacing in any way that you know of with the
19 ODL -- ODL platform?

20 A. I'm not sure.

21 Q. It could be yes, it could be no, you
22 just don't know?

23 A. Correct, I don't know if they were --

24 Q. Okay.

25 A. -- using the ODL platform.

1 Q. Okay. To the extent that you came to
2 understand the agreement between [REDACTED] and Ripple,
3 what understanding, if any, did you derive as to
4 why Ripple had entered into this agreement with

5 [REDACTED]
6 A. I don't recall the details. It was
7 done before my time.

8 Q. Well, let -- let's look at the e-mail
9 where it says -- you know, above your e-mail --

10 A. Okay.

11 Q. -- Ms. [REDACTED] says "In exchange for
12 allowing this" -- it's in the middle.

13 A. Okay.

14 Q. -- "we asked them to increase the
15 minimum purchase amount from [REDACTED] to [REDACTED]
16 [REDACTED] per Ron's suggestion and I negotiated
17 it. (Back then we viewed it as a positive since
18 we could get higher guaranteed (i.e.
19 predictable) purchase from a trusted partner,
20 versus programmatic sales, which is less
21 predictable)."

22 Do you see that?

23 A. I do see that.

24 Q. Okay. Did Ripple enter into the
25 agreement with [REDACTED] at least in part so that they

1 could sell their XRP to [REDACTED]?

2 A. Well, as I noted, I wasn't around when
3 they executed the contract and I don't know the
4 motivations of the contract.

5 Q. Well, I understand you were not around
6 when the contract was executed, but from your
7 sort of educating yourself on the terms of the
8 contract, did you come to learn that Ripple had
9 entered into the contract in part to sell their
10 XRP to [REDACTED]?

11 MS. ZORNBERG: Objection.

12 A. I know that XRP sales were a part of
13 the contract. I don't know the intricacies of
14 the contract itself.

15 Q. And when you say "XRP sales," that's
16 from Ripple to [REDACTED]?

17 A. Correct.

18 Q. Okay. And those are OTC sales as we
19 discussed earlier?

20 A. Yes. I think they were categorized as
21 OTC, right.

22 Q. Okay. It says here "Back then we
23 viewed it as a positive."

24 So is it fair to say that Ripple
25 viewed as a good thing that they were selling

1 XRP to [REDACTED]

2 A. Well, again, I wasn't around at the
3 time that this contract was created,
4 contemplated. I don't know what it entailed
5 other than what was specifically relayed to me
6 around the purchases. So it's hard for me to
7 speculate as to the motivations that were around
8 the contract that I was not privy to.

9 Q. Well, what about -- what changed
10 between the back then and what's happening in
11 this e-mail that you are copied on and the work
12 that you were doing?

13 A. I'm sure a lot had happened. This was
14 about a week after I joined, so I don't know
15 what happened --

16 Q. Okay.

17 A. -- in that time period.

18 Q. And did you discuss with
19 Mr. Garlinghouse why he wanted to throttle or
20 slow the volume that [REDACTED] was selling into the
21 market?

22 A. I don't recall the specifics of our
23 conversation, but, again, the big takeaway that
24 I recall was that we were asked to look into
25 this contract because of the sense that there

1 were large quantities, very large quantities, of
2 XRP that were being instantaneously sold into
3 the market and the potential for that to have a
4 negative impact on the liquidity of XRP.

5 Q. Did that also -- did it worry you that
6 it could depress the price of XRP?

7 A. As I mentioned, price is one component
8 of liquidity. We were focused on liquidity. So
9 we would observe price, spreads, volumes, and a
10 whole bunch of metrics around XRP's liquidity.

11 Q. So that -- so you're saying that
12 liquidity would affect the price?

13 A. There -- price is one component of
14 something that we would measure with respect to
15 overall liquidity health.

16 Q. Right. But I'd like you to answer my
17 question.

18 Is the -- are you saying that
19 liquidity could affect the price?

20 A. I don't know that it would have a
21 direct impact, a cause and effect, no.

22 Q. Okay. So let's go back, then, to my
23 original question.

24 A. Mm-hmm.

25 Q. Did it worry you that sales by [REDACTED] of

1 XRP could depress the price of XRP?

2 A. The impact that sales have on price,
3 on volumes, on spreads are all things that we
4 would look at relative to XRP's liquidity
5 health.

6 Q. So price was one of them?

7 A. Price is one thing that you would
8 consider, absolutely, as part of assessing
9 liquidity health.

10 Q. If the price of XRP dropped, would
11 that worry you in part of -- as part of your job
12 at Ripple?

13 A. No. We -- we weren't selling for
14 price, but -- but specific one-way directional
15 flow, as I mentioned many times, in an order
16 book, as an example, can have a negative impact
17 on liquidity in that buyers and sellers can pull
18 out of the order book when there's significant
19 movements in one way or another.

20 Q. When you said price was one thing that
21 you would consider, "absolutely, as part of
22 assessing liquidity health," how would you
23 consider the price as part of assessing
24 liquidity health?

25 A. So movements in price, whether they

1 were moving dramatically in one direction or
2 another or they were moving slowly in one
3 direction or another; differences in prices
4 across exchanges. You would look at, you know,
5 the difference between the bid and the ask on a
6 given order book. There are many attributes
7 around price and liquidity and order book health
8 and other things that impact your view on
9 liquidity.

10 Q. Okay. Whether the price is moving
11 dramatically, isn't that volatility?

12 THE COURT REPORTER: Repeat.

13 Q. Whether the price were moving
14 dramatically in one direction or another, isn't
15 that another word for volatility?

16 A. Yes.

17 Q. And whether -- the difference between
18 the bid and ask on a given order book, isn't
19 that called "spread"?

20 A. It is.

21 Q. Okay. My question is the price
22 itself, not the movements in the price or the
23 spreads in the price, the price itself. How
24 would you look at the price itself, if at all,
25 in assessing the liquidity health of a market?

1 A. So we would generally look at the
2 difference between the bid and the ask, the
3 spread you alluded to before, which there's a
4 price on the bid and there's a price on the ask.
5 And what we would care more about is looking at
6 that spread. If that spread widens a lot,
7 that's a signal of drying up liquidity. If that
8 spread is tighter, the distance between the bid
9 and the ask, that's a --

10 THE COURT REPORTER: Excuse me.

11 You're going to. You both are going to
12 have to slow down.

13 "What we would care more about
14 is looking at that spread. If that
15 spread widens a lot..."

16 A. Yes. That can have a negative impact
17 on liquidity, whereas if that spread -- the
18 difference between the bid price and the offer
19 price -- narrows, that is generally indicative
20 of a healthier, more liquid, market.

21 Q. And can you explain without -- if
22 there's anything other than the spread that you
23 assess with respect to the price in determining
24 if the market is healthy from a liquidity
25 perspective?

1 A. Say that again.

2 Q. Yes.

3 Is there anything other than the
4 spread that you assess with respect to price in
5 determining if the market is healthy from a
6 liquidity perspective?

7 A. Yes. All the other metrics I
8 discussed.

9 Q. Okay. So -- but price, the actual
10 price, as opposed to the movements in the price,
11 the actual price is something you determined in
12 considering whether a market is healthy from a
13 liquidity perspective?

14 MS. ZORNBERG: Objection as to
15 form.

16 A. I feel like we've asked the same
17 question many times, but I've given the answer,
18 I think. So should I repeat the same answer or
19 --

20 Q. Yes.

21 A. Okay. So the question is if there was
22 anything -- actually, I'll ask you to repeat it
23 again. I'm sorry.

24 Q. Let's move on to Exhibit 8.

25 A. Okay.

1 (Whereupon, exhibit is presented and
2 marked SEC Madigan Exhibit 8 for
3 identification.)

4 MR. TENREIRO: Exhibit 8 is a
5 three-page e-mail, RPLI_SEC 182614.

6 A. I'm sorry, where is this starting? It
7 looks like it's a compilation of things. Are
8 you looking at --

9 Q. I'm focusing on the e-mails. It seems
10 like in the back there's some sort of chat. And
11 obviously you're free to read it, but it appears
12 to me like the chat is between Ms. [REDACTED] and
13 Mr. Samarasinghe so I'm not going to ask you
14 about that.

15 A. Okay. But maybe I'll read that for
16 context.

17 Q. Yes, please do.

18 A. Since it's attached, I would like to.
19 Thank you.

20 Q. Please do.

21 (Pause)

22 Q. Have you had a chance to look at the
23 e-mail and the chat?

24 A. Yes.

25 Q. Okay.

1 A. Thank you.

2 Q. Yes.

3 Ms. Madigan, do you see where
4 Mr. Samarasinghe says to [REDACTED] "I
5 wanted to start an e-mail thread with you and cc
6 Breanne regarding the [REDACTED] purchases. The XRP
7 markets team is very concerned about this deal
8 as it has the potential to add up to [REDACTED]
9 dollars of XRP supply into the market."

10 Do you see that?

11 A. I do.

12 Q. Was the market team, in fact,
13 concerned as he describes here?

14 A. I do recall having questions --
15 conversations around [REDACTED] market activity and
16 the XRP around it.

17 Q. And why were you concerned about
18 adding [REDACTED] dollars of supply into the
19 market?

20 A. So as we've spoken about before, large
21 one-directional flow in single orders can have a
22 negative impact on liquidity.

23 Q. Does more supply of an asset have a
24 negative impact on liquidity?

25 A. It depends how -- how the asset's

1 trading, but if it's being introduced in large
2 one-directional trades, yes, it tends to have a
3 negative impact on liquidity.

4 Q. Is Mr. -- are you -- is the market
5 team's concern, here at least, about how the
6 asset is introduced into the market? It's
7 talking about supply.

8 A. Yes, supply being introduced into the
9 market.

10 THE COURT REPORTER: Supply? I
11 can't hear you.

12 A. Supply being introduced into the
13 market.

14 Q. All things being equal, in your
15 experience, does more supply of a asset in the
16 market make it more or less liquid?

17 A. So more supply -- if it's -- it
18 depends how it's introduced and how it's
19 trading. So supply, if there's, you know, deep
20 order books and two-way flow, it tends to have a
21 liquid market. If there isn't two-way flow,
22 then more supplies can have a negative impact on
23 liquidity.

24 Q. Wasn't more supply of XRP something
25 that you would want to make sure that the ODL

1 product -- product worked, functioned?

2 MS. ZORNBERG: Objection.

3 A. So the ODL to function needed
4 sufficient XRP liquidity for the exchanges and
5 corridors that the product was live in.

6 Q. Well, did it need more supply?

7 A. Well, supply is a part of the
8 considerations, but looking at the -- we talked
9 a lot about how -- how the order book is
10 structured is something that matters, obviously,
11 and most importantly for XRP liquidity.

12 Q. For XRP?

13 A. Liquidity.

14 Q. Again, though, a person -- you know, a
15 company that's on the ODL platform needs to buy
16 XRP to initiate the transfer, correct, the
17 cross-border transfer?

18 A. So --

19 Q. Needs to obtain it at least somehow.

20 A. Yes, so in the --

21 THE COURT REPORTER: I didn't
22 hear the last part.

23 Q. Needs to obtain it at least somehow.
24 Is that correct?

25 A. So in the initial ODL flow, there is a

1 buy of XRP and a sell of XRP.

2 Q. So they need to -- so they need to buy
3 it from somebody, right? They need someone to
4 sell it to them?

5 A. Yeah. Yeah. So they need to buy the
6 XRP to send it cross border and then sell it.

7 Q. At this point in time in June 2015 --
8 2019, when Ripple is trying to throttle [REDACTED]
9 sales of XRP into the market, is there enough
10 liquidity for the ODL platform to function?

11 A. What month was this? Sorry.

12 Q. June of 2019.

13 A. That would have been right at the
14 start of ODL. I joined in May and they were
15 about to launch. So I don't recall the specific
16 liquidity attributes of XRP at that exact point
17 in time, but I know that was early days in ODL.

18 Q. When did ODL launch?

19 A. So it was shortly after I joined. I
20 don't recall the exact date.

21 Q. Okay. Further up in the e-mail chain,
22 you know, [REDACTED] suggests "a call
23 tomorrow."

24 Then he says "I think we should have a
25 call soon" -- sorry. Dinuka says "I think we

1 should have a call soon, as XRP performance has
2 been dire so far in 2019."

3 Do you see that?

4 A. Uh-huh.

5 Q. What -- "performance has been dire,"
6 what does that mean?

7 A. I don't know what he means by that.

8 Q. Did you ask him?

9 A. I did not.

10 Q. You read the e-mail, right?

11 A. I don't recall this e-mail, but I
12 probably did since I received it.

13 Q. Reading it today, what does it mean to
14 you?

15 A. He could be talking about XRP in terms
16 of liquidity. He could be talking about in
17 terms of -- I don't know what he's referencing.

18 Q. How do you measure whether liquidity
19 performance has been dire in 2019? What measure
20 do you use?

21 A. He's prob -- we, as a team, track many
22 metrics around liquidity, as I mentioned. So
23 price, spreads, how widely it's traded, the
24 depth of the order book, et cetera. All of
25 those things are attributes of liquidity that

1 our team would track.

2 Q. And where in this e-mail is the
3 concern about liquidity expressed other than
4 "performance has been dire so far"?

5 MS. ZORNBERG: Objection.

6 A. I -- I don't know. I can reread it
7 and see if he specifically calls out liquidity.

8 Q. Let's --

9 MS. ZORNBERG: Is that -- is that
10 the idea? Do you want her to --

11 Q. Go ahead.

12 MS. ZORNBERG: -- read the entire
13 e-mail?

14 Q. If you -- do you recall from having
15 just read it whether he calls out liquidity
16 specifically?

17 A. I don't -- I didn't notice it.

18 Q. Okay.

19 A. I'm happy to reread it.

20 Q. That's okay. We can go to the next
21 exhibit. Thank you.

22 A. Uh-huh.

23 Q. Let's go to 79, please.

24 (Whereupon, exhibit is presented and
25 marked SEC Madigan Exhibit 79 for

1 identification.)

2 THE WITNESS: What time is it, by
3 the way? What time is it?

4 MR. TENREIRO: Why don't we --

5 MR. ANELLO: We've been going an
6 hour. Do you want to break now?

7 THE COURT REPORTER: I can't hear
8 you.

9 MR. ANELLO: We're talking about
10 a break.

11 THE COURT REPORTER: I know, but
12 we didn't go off the record.

13 THE WITNESS: What time are we
14 planning to break for lunch?

15 MR. TENREIRO: Let's go off the
16 record for one second, please. Let's go
17 off the record.

18 THE VIDEOGRAPHER: The time right
19 now is 12:39 p.m. We are off the record.

20 (Whereupon, a luncheon recess is
21 taken.)
22
23
24
25

A F T E R N O O N S E S S I O N

(Record notes Mr. Reid Figel is
now present.)

THE VIDEOGRAPHER: The time right
now is 1:22 p.m. We are back on the
record.

BY MR. TENREIRO:

Q. Okay. Ms. Madigan, can I ask you to
please look at Exhibit 79? You have it there.

A. No, actually, real quick, before we go
to 79 --

Q. Oh, sorry.

A. No, it's fine. Right before we broke,
we were looking at an exhibit. I think this one
is it. Hold on. Let me make sure I'm looking
at the right thing. Yes, Exhibit 8 --

Q. Uh-huh.

A. -- if that's the exhibit on the top.
Right? Yeah. And you had asked a question
around whether there was other references to
liquidity in the document.

Q. Okay.

A. And so I just wanted to point out that
there is reference to specifically the fact that
there was the potential for up to [REDACTED]

1 dollars of XRP supply into the market. So
2 supply being another component that we talked
3 about related to liquidity.

4 Q. So the -- you're saying that -- when
5 you're referencing "supply," you're talking
6 about liquidity?

7 A. Supply is one thing you would measure
8 in terms of -- amongst many other things we've
9 talked about today as part of the liquidity.

10 Q. Is there a reason why you don't use
11 the word "liquidity" in these e-mails?

12 THE COURT REPORTER: I can't
13 hear you.

14 Q. Is there a reason why you don't use
15 the word "liquidity" in these e-mails?

16 MS. ZORNBERG: Objection.

17 MR. ANELLO: I don't think she
18 said she wrote --

19 MS. ZORNBERG: This isn't her
20 e-mail.

21 MR. TENREIRO: She's -- she wrote
22 part of the e-mail, the e-mail above.

23 BY MR. TENREIRO:

24 Q. Right?

25 Let me ask you this: Did you ever

1 instruct members of your markets team not to use
2 the word "liquidity"?

3 A. No.

4 Q. Did you ever receive any instruction
5 like that from somebody else?

6 A. No.

7 Q. Okay. So now can we please look at
8 Exhibit -- sorry -- 79?

9 A. Do I have that?

10 Q. No, not yet.

11 MR. TENREIRO: This will be
12 RPLI_SEC 464643.

13 Of course, my binder just went
14 to hell. Seventy -- what did I say?
15 Seventy-nine.

16 (Pause)

17 A. Okay.

18 Q. Have you had a chance to look at this?
19 I guess it seems like a thread of comments to a
20 document. Is that fair?

21 A. It does seem like that, yes.

22 Q. And it says -- the subject is
23 "Institutional Markets Board Slides."

24 Does that tell you -- what does that
25 mean?

1 A. Yes, although I don't recall
2 specifically -- what's the date? July 9th. It
3 looks like it probably is related to board
4 slides that were being prepared.

5 Q. Board slides that were being prepared,
6 is that what you said?

7 A. Yes.

8 Q. "Board" meaning Ripple's board?

9 A. I presume so, although I don't recall
10 this exact exchange.

11 Q. And just before we dive into this
12 exhibit, I just want to make sure I understand.
13 Is it -- is it fair to say that if more
14 exchanges -- if you could trade XRP on more
15 exchanges, that is better for the liquidity of
16 XRP?

17 THE COURT REPORTER: I can't
18 understand you, Jorge.

19 Q. Is it fair to say that if more
20 exchanges -- that if you can trade XRP on more
21 exchanges, that's better for the liquidity of
22 XRPs -- of XRP or the XRP market?

23 A. I would categorize it as maybe
24 slightly differently. Not just number of
25 exchanges, but, in general, when you're thinking

1 about liquidity, having breadth and depth of
2 market is something we talked about. And
3 breadth can be reflective of where -- trading on
4 a number of different exchanges, a number of
5 different venues, so that there are many on
6 ramps, off ramps, et cetera, points of ability
7 to trade.

8 Q. And does breadth or depth also include
9 more buys and more sell orders?

10 A. So breadth and depth refer to -- so
11 "depth" meaning depth in the order book. So, I
12 mean, I know I keep going back to the order book
13 example, but for illustrative purposes, an order
14 book is made up of a series of both size and
15 price at which a specific buyer or seller is
16 willing to buy and -- and a price and size at
17 which a specific buyer or seller is willing to
18 sell.

19 And so "depth of order book" would be
20 a phrase to reference that there's a lot of
21 people that are -- a lot of people or parties
22 that are stacked up in the order book. Many
23 people willing to buy; many people willing to
24 sell. That would be a deep order book that has
25 a lot of breadth.

1 Q. And so depth means more liquidity?

2 A. Well, I think liquidity is -- has a
3 lot of attributes that we've talked about. So
4 price, spreads, depth, resiliency. A lot of
5 those things that we talked about all impact
6 liquidity.

7 Q. All things being equal, more depth
8 means more liquidity all other factors being
9 equal?

10 A. All thing -- all other attributes of
11 liquidity being equal, does depth mean better
12 liquidity?

13 Q. More depth.

14 A. More depth. Yeah, I'd say, in
15 general, that's true.

16 Q. Okay. And not in general?

17 MR. ANELLO: I'm sorry, is that a
18 question?

19 MR. TENREIRO: Yes.

20 Q. When it's -- when it's not in general,
21 is that not true?

22 MS. ZORNBERG: Objection.

23 Q. Is there a specific example when
24 that's not true?

25 A. Where having deeper liquid -- where

1 having deeper order books would be adverse
2 liquidity? No, I can't really think about an
3 example offhand.

4 Q. Okay. All right. Back to Exhibit 79.

5 So is it -- is it fair to say you were
6 involved in making comments to potential slides
7 that might be presented to Ripple's board around
8 the time of this e-mail?

9 A. Yes. I don't recall ever creating
10 slides for a board, but I do -- but -- but I do
11 recall being asked to review various documents
12 and it looks like this was one of them.

13 Q. Okay. There's a -- in the middle
14 there's a sentence that says "The relationship
15 between XRP performance and sales percentage
16 remains noisy, but the" -- "but the further
17 divergence of reported volume from reliable
18 volume suggests that we either recalibrate more
19 frequently or change benchmarks to something
20 that more closely approximates" -- "approximates
21 reliable volume."

22 Do you see that?

23 A. I do.

24 Q. And do you see above where it says
25 "Performance"?

1 A. Above where?

2 Q. Just below "Comments" it says
3 "Performance"?

4 A. Yes.

5 Q. Okay. And you say "This one may get
6 some pushback. I am not sure how much of a
7 focus Brad will want on the" -- "on the
8 underperformance of his asset for this
9 audience."

10 Do you see that?

11 A. Yes.

12 Q. What asset are you referring to here
13 when you say "his asset"?

14 A. That looks to be -- again, I should
15 start by saying I don't recall this specific
16 comment or this specific document, but that
17 looks to me, reading it today, as a typo with
18 missing the letter "t." This asset.

19 Q. What is this asset?

20 A. I presume it would be XRP.

21 Q. And what do you mean by
22 "underperformance of XRP"?

23 A. Again, we've talked about this before.
24 When we talk about XRP, we talk about XRP's
25 liquidity. We look at a number of different

1 metrics to look at XRP and how it's performing
2 in the market. How its order books are, its
3 spreads, depth, resiliency, breadth, price. We
4 look at a whole bunch of different metrics to
5 determine the overall liquidity health of XRP.

6 Q. When you talk about
7 "underperformance," underperformance, you know,
8 relative to what?

9 A. I'm not sure what -- what I was
10 specifically referencing here. I don't recall
11 this specific document.

12 Q. And when you're measuring performance
13 of XRP from a liquidity perspective, is there
14 like a -- you know, like a quote you can pull up
15 that says liquidity and that you could compare
16 it to or how do you do that?

17 A. There isn't a quote for liquidity, no,
18 because as we've talked about, liquidity is very
19 multifaceted and there's a lot of different
20 components that you would look at to inform your
21 view on liquidity generally speaking. But in
22 terms of things you would look at, you know, you
23 might look at how other assets are performing
24 within crypto, Bitcoin, for example, et cetera.

25 Q. So you mean the price of bit --

1 Bitcoin?

2 A. You'd be looking --

3 MS. ZORNBERG: Objection.

4 A. So, no. I mean looking at the health
5 of many market metrics that we've continuously
6 spoken about this morning.

7 Q. Yeah. So, for example, breadth? Is
8 there's a quote you pull up for breadth or how
9 do you look at whether XRP is underperforming --

10 THE COURT REPORTER: I'm sorry.

11 I can't hear you.

12 Q. With respect to breadth, is there a
13 quote you could pull up or how do you determine
14 if XRP is underperforming when it comes to
15 breadth with respect to other assets?

16 A. So breadth I would -- would refer to
17 it generally as how -- how many exchanges it may
18 be traded on, how widely accessible it is. And
19 so that would be something you could look at --
20 how many exchanges XRP is traded on versus how
21 many exchanges Bitcoin is traded on, for
22 example.

23 Q. And did you do that? Did you look --
24 when you were considering underperformance of
25 XRP, would that mean that XRP was trading on

1 fewer exchanges than Bitcoin, for example?

2 A. So we looked at a lot of different
3 metrics. So I mentioned a lot of them and
4 I'll -- I'll continue to --

5 Q. That's right, but I'm -- I'm -- right
6 now I'm just focused on breadth.

7 A. Mm-hmm.

8 Q. So --

9 A. Yeah. So we did absolutely look at
10 what -- how many exchanges XRP is trading on as
11 well as how many exchanges Bitcoin is trading
12 on, how many exchanges Ethereum is trading on.
13 We looked at --

14 THE COURT REPORTER: Which one?

15 THE WITNESS: Ethereum.

16 MR. TENREIRO: E-T-H-E-R-E-U-M.

17 Q. So if -- at least from the perspective
18 of breadth, if XRP was trading on fewer
19 exchanges than other assets you might look at,
20 would you consider that to be underperformance?
21 I'm just focused on breadth. I know there's
22 other factors.

23 A. Right. Yeah. And by the way, breadth
24 is broadly defined. I gave you an example of
25 number of exchanges that something is traded on.

1 That's an indicator of breadth, right? Like --

2 THE COURT REPORTER: Excuse me.

3 Excuse me. You have to slow down. I
4 cannot take 300 words a minute.

5 THE WITNESS: Okay. Sorry.

6 A. Regarding breadth, I was explaining
7 that the number of exchanges that an asset is
8 traded on is illustrative of a given asset's
9 breadth, but it is not the only thing that you
10 can look at to understand the breadth of the
11 market.

12 So, for example, you could look at how
13 many exchanges it's traded on; the geography of
14 those exchanges. You can look at volumes on
15 different exchanges relative to each other.
16 There's a whole bunch of different things that
17 you can look at in terms of breadth. So number
18 of exchanges is not the only metric you look at
19 for breadth.

20 Q. Did you, in fact, look at the
21 geography of the exchanges when you were
22 considering whether XRP had underperformed with
23 respect to other assets in the digital assets
24 space?

25 A. We looked at a whole bunch of

1 different metrics. I don't know in this
2 specific instance. I don't even recall these
3 slides, so I don't know what exactly we looked
4 at in this instance.

5 Q. Yeah, I'm not asking about in this
6 instance. I'm asking in general.

7 Did you look at the geographic
8 exchange -- the geography of the exchanges?

9 A. Yes.

10 Q. And where did you present that
11 information?

12 A. I recall discussing that in some of
13 our weekly meetings. So it probably would have
14 been in some of those decks.

15 Q. In the -- in the weekly meeting decks,
16 you would have put the geography of the
17 exchanges?

18 A. Yeah. I recall discussing it in at
19 least one of those meetings. So I presume it's
20 in one of those decks although I don't recall
21 offhand exactly where.

22 Q. And to the extent that you're looking
23 at the depth variable that affects liquidity, is
24 there a quote that you put -- that you pull up
25 or how do you measure whether XRP is

1 underperforming just with respect to the depth
2 variable?

3 A. Sure. Depth is, again, when you look
4 at an order book as an example, you look at the
5 size of the trades at a given bid and offer
6 price. Right? So an order book will have,
7 again, you know, bid side of the market, offer
8 side of the market, and the number of
9 participants who may be making markets at
10 various price points and for various sizes at
11 those various price points.

12 And so absolutely you would look at
13 what the depth for XRP looked like versus what
14 the depth, say, for Bitcoin looked like and
15 other comparable assets to understand if the
16 depth for XRP's order book liquidity was similar
17 to/less than bitcoin and Ethereum as one
18 example.

19 Q. Right. And I just want to make sure
20 I -- I understand you. I -- I'm not -- I
21 appreciate what you would look at, but I want to
22 ask you did you look at that?

23 A. Yes.

24 Q. Okay. And where would that be
25 reported?

1 A. That was in conversations in our
2 meetings. Primarily members of my team would
3 look at that through contacting exchanges and
4 our data team that could extract information
5 around an order book from an exchange.

6 Q. And would you keep sort of a, you
7 know, written record of your comparisons of, you
8 know, the depth variable of XRP versus others?

9 A. I'm not sure if there was a written --
10 I know we have a data team that kept composites
11 of tons of data, but I don't know where it was
12 kept.

13 Q. Okay. But it was in conversations?

14 A. Yes.

15 Q. Yes. Okay.

16 And in terms of the price variable
17 component of liquidity, how would you do that?
18 Were there quotes you could pull up for that?

19 A. Yeah. We had publicly available
20 market data sources. We mentioned some before
21 like [REDACTED] order books,
22 reports of trades related to ODL, et cetera.

23 Q. Okay. And so to the extent that you
24 might determine whether XRP was underperforming
25 with respect to the price variable, you would

1 just compare the price of one to the other,
2 whether it, you know -- the change in price,
3 rather? Is that what you would look at to
4 determine performance?

5 A. That's one thing we would look at.

6 Q. With respect to price only, what would
7 be another thing you would look at?

8 A. How XRP would perform relative to
9 other digital assets.

10 Q. Okay. So relative price?

11 A. Yep.

12 Q. Okay. And just to go -- to tie this
13 back to this exhibit, when you're talking about,
14 you know, "I am not sure how much of a focus
15 Brad will want on the underperformance of this
16 asset," what was the basis for that belief that
17 you were not sure or that uncertainty that he
18 would want to focus on the underperformance of
19 this asset?

20 A. I don't even know what I'm referencing
21 in this specific comment here. I don't recall
22 this deck so it's hard for me to make
23 assumptions.

24 Q. Okay.

25 MR. TENREIRO: Let's look at

1 Exhibit 10, please.

2 (Whereupon, exhibit is presented
3 and marked SEC Madigan Exhibit 10 for
4 identification.)

5 MR. TENREIRO: That's going to be
6 two pages, RPLI_SEC 295506.

7 Thank you, Ladan.

8 THE WITNESS: Thank you.

9 MR. TENREIRO: Here you go, Lisa.

10 MS. ZORNBERG: Thank you very
11 much.

12 MR. TENREIRO: No problem.

13 THE WITNESS: It's a little fuzzy
14 but I think I can --

15 MR. TENREIRO: Sorry.

16 THE WITNESS: Yeah. I think I
17 can work out what it's saying.

18 (Pause)

19 BY MR. TENREIRO:

20 Q. Have you had a chance to look at this,
21 Ms. Madigan?

22 A. Yes.

23 Q. Do you see that there's some comments
24 that you're making to some document called
25 "Responsible Stewards of XRP"?

1 A. Mm-hmm. It appears that way, yes.

2 Q. What -- what do you mean by
3 "Responsible Stewards of XRP"? And if you
4 didn't draft it, what was meant at Ripple by
5 "Responsible Stewards of XRP"?

6 A. Yes. I recall Brad had asked the --
7 somebody named [REDACTED] from the cross-functional
8 team as well as the markets team to -- and a
9 couple others -- tax, legal, et cetera -- to
10 look at everything that Ripple was doing with
11 respect to its XRP. So we talked about this a
12 little bit earlier, but kind of getting a better
13 handle across the company because there were
14 multiple groups that were dealing with XRP and
15 better understanding how it was being used, for
16 what purposes, et cetera.

17 And so that -- I think this was in
18 reference to that initiative that Brad had asked
19 for.

20 Q. But what does it mean to be a
21 responsible --

22 THE COURT REPORTER: The last
23 part I didn't hear. "This was in
24 reference to that initiative" what?

25 THE WITNESS: That Brad had